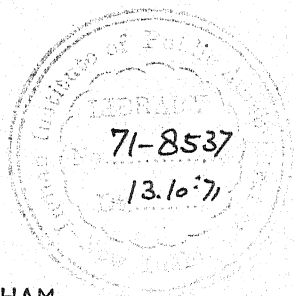


Property Tax Administration

(A Study of the Assessment and Collection Department of
the Delhi Municipal Corporation)



V. JAGANNADHAM
AND
N. S. BAKSHI

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Foreword

The Citizen-Administration Unit of the Indian Institute of Public Administration has been undertaking studies in those areas where citizens come into direct contact with Administration. The first survey under this series, relating to the experience of Delhi citizens in getting water connections, was carried out by Dr. A. P. Barnabas in 1964. Thereafter a study of the Building Department of Delhi Municipal Corporation was conducted by the present authors and their findings have been published separately under the title "Citizen & Municipal Bureaucracy". The Home Ministry felt that these surveys would "be useful in streamlining the administrative apparatus of the Corporation" and further asked the Institute to make a "survey of the assessment department of the Delhi Municipal Corporation in so far as it relates to property taxes". A report on the Assessment and Collection Department was submitted to the Government in July 1969. This has now been revised for publication. The current study is thus, one of a series of problem-oriented research projects undertaken by the Institute at the instance of the Ministry of Home Affairs for suggesting administrative improvements.

We believe that similar studies of other departments of the local government—which is really the Government at the door step of the citizen—would be useful. The citizens are deeply concerned with delays and difficulties in their dealings with local government. Dissatisfaction with local government tends to undermine citizens' faith in the democratic form of government. We hope that the studies which the Institute has been undertaking will be of help to students in understanding

the problems of public administration and to others who are concerned with bringing about improvements in local administration.

J. N. KHOSLA

Director

INDIAN INSTITUTE OF PUBLIC ADMINISTRATION

New Delhi

December 1970

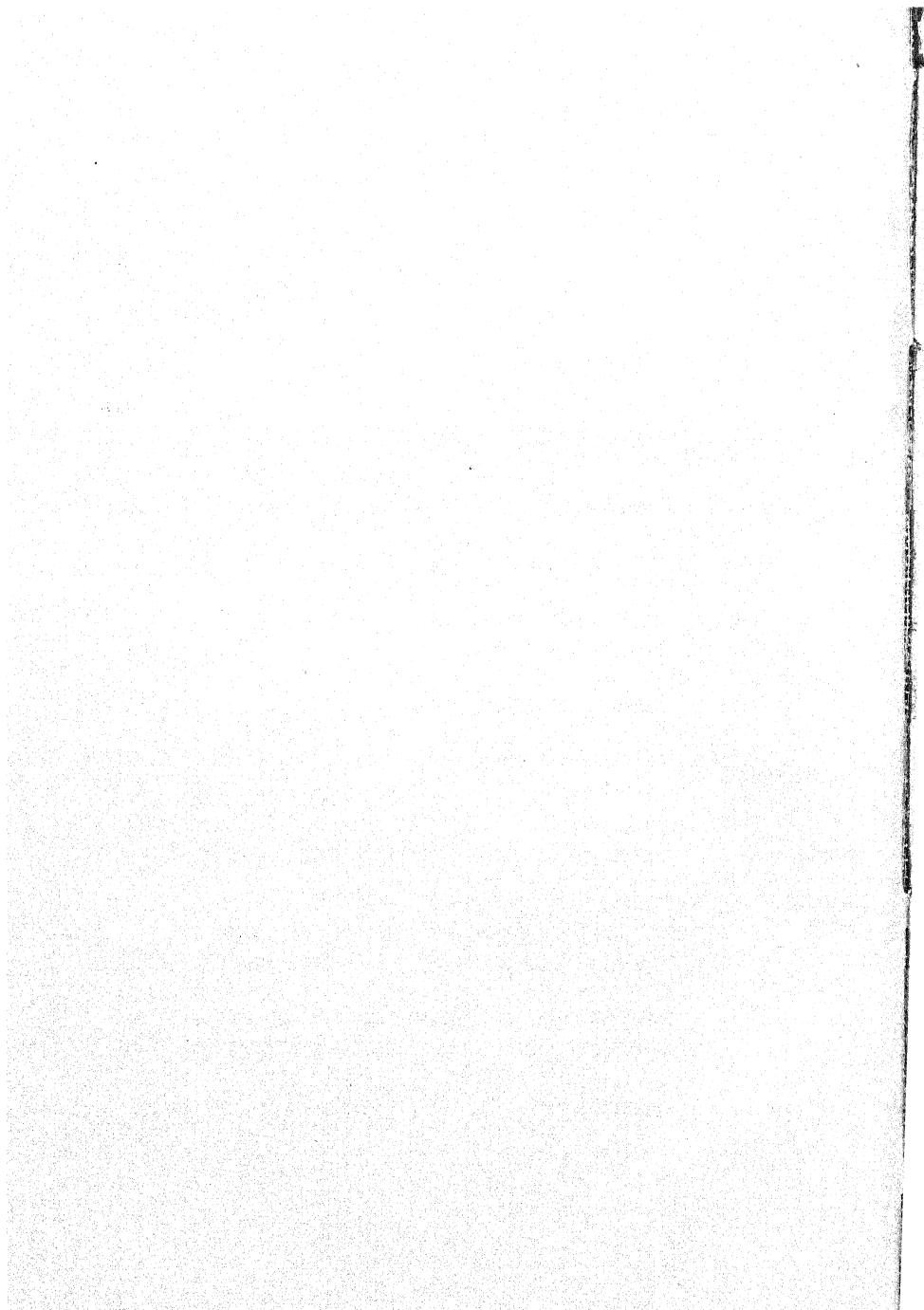
Acknowledgements

The present study owes its genesis to the interest evinced by the Ministry of Home Affairs in finding solutions to some of the existing problems of the Delhi Municipal Corporation. Our thanks are due to the Ministry of Home Affairs for financing and facilitating this study. We wish to thank the Director of the Institute, Dr. J. N. Khosla, for his active interest in the study. Sarvashri M. V. Narayana Murty, V. Krupal and Kumari A. Vageeswari gave us excellent research support. We also express our thanks to Shri Krishna Murthi, stenographer and Shri Chandan Lal, the typist for their able services.

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The Problem

The Assessment and Collection Department of the Delhi Municipal Corporation has two functions: one of determining and levying the tax, and the other of collecting the taxes. The taxes involved mainly are: property taxes, tax on vehicles and animals, theatre tax, advertisement tax, etc. Property tax comprises of four taxes, namely general tax, water tax, fire tax and scavenging tax. This study is confined to an examination of the existing procedures for the levy and collection of taxes in respect of residential properties and to suggest improvements in the current procedures. Commercial properties have been excluded from the purview of our study.

The assessment procedures are as follows: The Zonal Offices* are expected to detect the property which is liable for property taxes, to assess it after giving due notice to the concerned citizen, to send the bill to the citizen according to assessment and to collect the taxes. The main problem of assessment is to detect the properties in good time for assessment and then to assess them on a fair and equitable basis. The burden of detection of new properties or modifications in existing properties for assessment and levy of tax falls on the Section Inspectors. The Inspectors are generally of the Lower Division Clerks (L.D.Cs.) grade and they are liable to transfers from one department to another department and from one zone to another zone. If, to the phenomenon of transfers, we couple the absence of proper record-keeping, we can understand the

*Delhi Municipal Corporation is divided into eight Zones in each of which there is a Zonal Office. The division into Zones and the establishment of Zonal Offices is a step towards decentralization.

difficulties of Section Inspectors in achieving hundred per cent success in the detection of the properties liable for fresh assessment or, due for its revision. The foremost problem for study is the role of the Section Inspector and his competence as he turns out to be the key person at the ground level.

The Section Inspector's report is to be thoroughly checked by the Assistant Zonal Inspector (A.Z.I.) or the Zonal Inspector (Z.I.). Thus, theoretically, the work of the Section Inspector is required to be supervised immediately by the A.Z.I./Z.I. and finally by the Assistant Assessor and Collector (A.A.&C.). How far has this prescribed procedure been adhered to in fact is one of the issues for study.

For the collection of taxes, the Corporation is to send the bills at as early a date as possible after the commencement of the financial year. But, when are the bills actually despatched? What is the citizen's response? How are the recoveries effected? These are some of the questions to which we sought answers during the course of this survey. Our hypothesis was that there was considerable delay in the despatch of the bills as well as demand notices.

The despatch of the bill to the citizen by itself is not enough. Under the law, the Corporation is required to serve a demand notice on the citizen if payment is not received within 15 days of the receipt of the bill. The citizen is required to deposit the taxes within 30 days of the receipt of the demand notice. In case the citizen does not pay within the prescribed period, the Corporation has a Special Cell for Recovery of Arrears to which the files are referred. Has the establishment of the Special Cell led to an accelerated collection of revenues within the financial year? If not, why is it so and what are the remedies for the existing shortfalls? These questions have been discussed in Chapter Four.

An incidental problem for consideration is whether the establishment of Special Cell has led to an erosion of responsibility of the zones for collections. A more important issue for study is whether there is any undermining of the functioning of the Special Cell, by overloading it with many cases or by late submission of files for action by the Special Cell.

A comparison of the percentage of collection of property taxes in other major Corporations in India during the years

1958-59 to 1966-67 is shown below:

	1958-59	1966-67
Delhi	27.67%	51.63%
Bombay	64.83	70.66
Madras	74.30	89.00
Calcutta	79.23	84.99

The above figures highlight the very unsatisfactory rate of collection in Delhi. We were compelled to ask ourselves the questions as to what factors were responsible for the low percentage of collection of property taxes in Delhi as compared to sister metropolitan cities like Bombay, Calcutta, and Madras? Our hypothesis was that such a contrast in recovery of property taxes could not be attributed to a single source of administrative inefficiency. The socio-political base of Delhi Corporation or the rapid urbanization process might have contributed to the glaring contrast in collection rates of property taxes. But the study of the socio-political base or "urban-explosion" of Delhi Corporation area is beyond the scope of our study. Hence we do not have much to say about these factors in the present study. But, on the basis of our previous study, namely, the Building Department of Delhi Corporation, we assumed that procedural delays and personnel deficiencies form the main source of inefficiency in the Corporation's Assessment and Collection Department. Being a matter concerned with property we also assumed that disputes between the citizens and the Department regarding the fair and equitable nature of assessment could be another source of contention, corruption and consequent loss of revenues to the Corporation. Lay observation as well as experience arising out of our previous study point to another major source of dissatisfaction with the performance of the department, namely, the physical environment in and the equipment with which the personnel of the department handle the growing volume of work. We found, that the functioning at the Zonal level organisation, the supervisory functions within the Zonal office and coordination between the Zonal office and the Headquarters, leave much to be desired. We have studied these problems with the help of files pertaining to 450 properties in Delhi.

The Organisation

A descriptive account of the organisation of the Assessment and Collection Department is given with a view to providing an idea of structure, functions and personnel of the department handling the problems of assessment and collection.

The assessment and collection of property taxes in the Delhi Municipal Corporation's area is looked after by the Assessment and Collection Department which has its Head Office in the Town Hall and eight Zonal Offices spread all over Delhi. The Department is headed by the Assessor and Collector, who is helped by three Deputy Assessors and Collectors. These Deputy Assessors and Collectors are stationed at the Headquarters Office but they are also required to visit the various zones of the Corporation in accordance with a schedule drawn up in consultation with the Assessor and Collector.

The assessment and collection work is decentralised and except for policy matters and some appeal cases, all the work is done at the zonal level.

Functions of the Headquarters Office

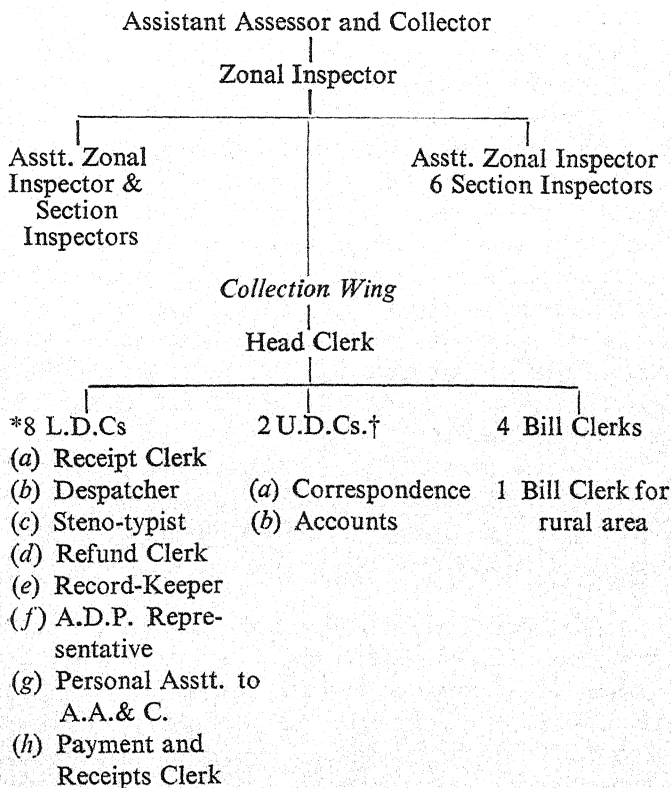
The Headquarters Office controls and directs the work and deals with all cases of policy. This Office also serves as a coordination link between the zonal offices. The Assessor and Collector works under the overall authority of the Commissioner who is the Executive Officer of the Corporation. The Head Office initiates action on the resolutions of the Corporation, deals with Inspection notes of Mayor, Deputy Mayor, Deputy Commissioner and handles complaints as may be received from councillors or the general public. The assessment lists are prepared at the zonal level but they are authenticated at the Headquarters after publication of notices in the newspapers as required by the statute.

One of the Deputy Assessors and Collectors is required to watch the collection of taxes. He is also authorised to sanction refund of taxes in addition to looking after the establishment, remittance of duty on the transfer of immoveable property, training of Section Inspectors and "mutation" of properties, etc. The other two Deputy Assessors and Collectors have to supervise the working of the Zonal Offices by visiting them

according to schedule, and also to dispose of all appeal cases in the zones under their jurisdiction.

Zonal Office

The Zonal Offices are in the overall charge of the Assistant Assessor and Collector who is a generalist administrator. A typical chart of the organisational set-up at the zonal level is given below.



The duties of the Assistant Assessor and Collector‡ are: to assess and collect the taxes in respect of properties in the zone,

* L.D.C.—Lower Division Clerk.

† U.D.C.—Upper Division Clerk.

‡ Referred to as A.A. & C.

to prepare and maintain assessment lists, to investigate objections and finalise the rateable value, to attend to appeal cases, to recover arrears and to issue warrants of distress and to attach property in accordance with the provisions of the Act. The A.A. & C. is responsible for collecting the following taxes under the heading Property Tax:

1. General Tax
2. Water Tax
3. Scavenging Tax
4. Fire Tax
5. Water Charges (in respect of properties where meters have been installed)

The A.A. & C. has under him the Zonal Inspector and the Assistant Zonal Inspectors. The Zonal Inspectors (Z.I.) have both in-door and out-door duties and they also supervise the work of the staff such as Assistant Zonal Inspectors (A.Z.I.), Section Inspectors (S.I.) and Bill Clerks, etc. The Z.I. and/or A.Z.I. are also required to thoroughly check up the proposals of the S.I. about assessment of properties. The Section Inspectors' duties are mostly in the field where they come into direct contact with the citizens. Detailed list of duties of the Zonal Inspectors' Branch, the Accounts Branch and of the Checker, are given in Annexure I

The pay scales of the officers of the Assessment and Collection Department, along with the sanctioned staff strength for the year 1968-69, is given in Annexure II.

Methodology

The usual practice of conducting surveys is to prepare a questionnaire and to administer it with a view to eliciting the opinion of concerned persons. In public administration generally citizens and officials are interviewed to find out their views about the existing rules and regulations, so that the data could present a picture of what the citizens and civil servants think of the Administration. This is an extremely useful method and can be exploited for understanding the attitudes towards Administration and we had adopted it while making a survey of the Building Department of the Delhi Municipal Corporation. However, for the purposes of this study, we took an initial decision to conduct a file study, as the files were

likely to reveal much more about the existing procedures, and how the citizens were reacting to it rather than personal interviews. Citizens' memories about rules and procedures could not be wholly relied upon. In matters concerning property taxes recorded evidence is available and it is likely to reveal objectively the real state of affairs in administration and the possible sources of malpractices.

As such, after an intensive study of the files in various zones of the Corporation, a questionnaire—like framework was prepared for data collection (Annexure III). The information contained in files selected on a random basis was transferred to this questionnaire—like framework for purposes of analysis.

Sample

The Corporation area in Delhi is divided into eight zones for administrative purposes. Each zone is responsible for the assessment and collection of property taxes in respect of the areas included in that particular zone. From among these 8 zones, we selected three zones, and these were expected to give a fair representation to various categories of houses in Delhi. The three selected zones were: New Delhi South Zone, the Civil Lines Zone and the Karol Bagh Zone. Whereas most of the properties in the New Delhi South Zone have been constructed only during the last decade or so, the Civil Lines Zone presents a picture of old as well as new houses. The Karol Bagh Zone was developed in the early fifties, and the second generation of houses came up during the last seven years. The total number of properties in Delhi is estimated to be about 2.5 lakhs. In South Zone, there are about 48,000 properties, in the Karol Bagh Zone 44,000 and in the Civil Lines Zone 22,000. Each one of these zones is divided into a number of sections and each section consists of between 2,000 to 4,000 properties. While drawing the sample, we decided to exclude those sections which were predominantly rural areas or which consisted mostly of commercial properties. Only those sections were selected for purposes of the sample in which there were maximum number of constructions. As a result of this, about 8 localities (sections in each one of the Zones) were selected for the purposes of our survey. It was decided to confine our total sample to 450 properties spread over three zones of the Corporation. As we

decided to adopt the file study method, we did not anticipate very many difficulties in locating and collecting files in the respective zones and transferring the information contained in the files to our questionnaire like framework.

In order to maintain the randomness of the sample, each zone was considered according to the sub-section into which it had already been divided by the Corporation for the purpose of distribution of work to Section Inspectors. We considered the possibility of taking a cluster of houses and comparing their respective rateable values with a view to determining whether there was any uneven treatment to any particular citizen or segment of citizens. However, this method had to be given up as it would not have given us a representative sample within the limited scope of our study. The scrutiny of a cluster of houses could also have led to peculiar results which could be traced to the attention which the Section Inspectors may or may not have paid to that particular area.

Characteristics

The sample properties can be distributed on the basis of the nature of occupancy and the rateable value of the property.

TABLE 1.1 DISTRIBUTION OF PROPERTIES ACCORDING
TO THE NATURE OF THEIR OCCUPANCY

<i>Nature of Property</i>	<i>No. of Properties</i>	<i>Percentage to the total</i>
(a) Self-occupied	141	31.0
(c) Wholly rented	107	23.0
(b) Partially-rented and partially owner-occupied	189	42.0
(d) New construction (not yet occupied)	6	1.8
(e) No information	7	2.2
	<hr/> 450	<hr/> 100.0

These properties have also been classified according to their rateable values. Table 1.2 presents a number of properties grouped according to their rateable values. As the rateable value is invariably determined according to the actual or potential rent (*i.e.*, the rent which the properties are likely to fetch from year to year), we can divide these properties into low, medium, and high rateable value categories.

TABLE 1.2 DISTRIBUTION OF PROPERTIES ACCORDING
TO RATEABLE VALUES

<i>Rateable Value of Property</i>	<i>No. of Properties</i>	<i>Percentage</i>
(a) Rs. 1,500 and below	32	7.0
(b) Rs. 1,501 to Rs. 3,000	70	15.5
(c) Rs. 3,001—4,500	75	17.0
(d) Rs. 4,501—6,000	56	12.5
(e) Rs. 6,001—7,500	64	14.0
(f) Rs. 7,501—9,000	38	8.5
(g) Rs. 9,001 and above	115	25.5
Total	450	100.0

The (a), (b) and part of (c) category of the above Table of properties will fall in the low rateable value, whereas the properties ranging between Rs. 4,000 to Rs. 6,000 could be regarded as of medium rateable value. All the properties whose annual rateable value is Rs. 6,000 and above, could be considered in the category of high and very high rateable value properties as their monthly rents would be above Rs. 500. The rateable value appears to be fairly well-spread between the low income categories and the high income categories, and as such the sample appears to be a representative sample.

Limitations of the Study

(1) *Inadequate Information* : The Corporation records are mostly silent as to whether the house whose rateable value had

been determined is of an area of 100 sq. yards, 200 sq. yards, or 500 sq. yards. The dimensions of the rooms and other facilities are also not mentioned in the Section Inspector's report nor does it show the type of construction. In many cases there was no evidence to show whether the rateable value of a property had been compared with the rateable value of similarly located properties in the same area as a base for decisions about determination of hypothetical rents.

(2) *Crude Record-keeping* : Another constraint is the very crude method of record-keeping in the Corporation from the initial stages of construction of houses up to assessment and revision thereof. This stands in the way of proper understanding of the previous history of assessment of the property. Therefore complete case histories could not be prepared, in respect of some properties.

Detection and Inspection of Properties

The primary function of the Assessment Department of the Corporation is to detect the properties and then to assess them for property taxes. After detection, the properties have to be listed and notices have to be sent. Then the citizen has to be given an opportunity to be heard. The rates have to be determined before the bills are despatched and the amounts are collected.

Article 124 (I) of the Delhi Municipal Corporation Act, 1957, states that the Corporation "shall cause an assessment list of all lands and buildings in Delhi to be prepared in such form and manner and containing such particulars with respect to each land and building as provided by the bye-laws". The bye-laws which came into force from 1st April, 1959, stipulate that the Commissioner keeps a book to be called the Assessment List in which shall be entered:

- (1) A list of all lands and buildings in Delhi, distinguishing each other by name or number as he shall think fit, and containing such particulars regarding the location or nature of each as will, in his opinion, be sufficient for identification;
- (2) the rateable value of each land and building;
- (3) the name of person primarily liable for payment of property taxes, if any, leviable on each such land or building;
- (4) if any such land or building is not liable to be assessed to the general tax, the reason of such non-liability;
- (5) such other entries as are required to be made under the provisions of the Act or these bye-laws; and

- (6) other details, if any, as the Commissioner may from time to time think fit.

The Commissioner can add, omit, amend or alter any of the columns of the proforma which has been laid down, vide clause 4 of the Assessment List bye-laws, 1959.

The Municipal Corporation Act and the assessment bye-laws thus specify details which are required to be maintained by the Corporation in the form of a register. The laws are clear and unambiguous. The way these functions are performed is of interest for us. The departmental procedures leading to the preparation of the list or addition, or amendment of an entry in this assessment list consequently assume significance in the initial tasks of property taxes administration.

Detection Procedures

The Assessment Department has laid down an elaborate departmental procedure for detection of properties. The Corporation area, as mentioned earlier, has been divided into eight zones and these zones are further sub-divided into sections and each section is in-charge of a Section Inspector. The duty of the Section Inspector normally includes inspection of 2,000 to 4,000 properties. The Section Inspector is required to note down properties which come to his notice in either Form A or Form B as the case may be. Form A is used where assessment of the property is revised in the current year under Section 126 of the Municipal Corporation Act. These cases generally relate to properties which have been newly constructed or in which additions, alterations or improvements have been made. The Section Inspector is also required to maintain a watch register which is to be checked by A.Z.I./Z.I./the Assistant Assessor and Collector periodically so as to ensure that the Section Inspector visits the property at regular intervals till such time as the property has been completed and it is ripe for being assessed. Similarly, under Section 124 of the Municipal Corporation Act, a separate form (Form B) has been designed in which all entries relating exclusively to changes in the rents in the properties or portions thereof, are to be entered. The properties which are covered in this clause are usually those properties where the rateable value of the property would change as a result of change in rents or change in

occupation from owner-occupied to tenant-occupied rather than changes due to any additions, alterations in the building itself.

The Section Inspectors are required to note down the numbers which the properties bear, along with the localities on the last page of the inspection report, so as to facilitate the work of the Zonal Inspector, who is required to carry out a full check. The Zonal Inspector/Assistant Zonal Inspector has not only to check all the properties whose rateable value is proposed to be revised by the Section Inspector but also other properties in the same area, so as to ensure that the Section Inspector has not left out any properties.

The Zonal Inspectors have to decide as to which of the properties need revision and the inspection reports are thereafter entered in either Form A or Form B, as the case may be. After the preparation of Forms A and B pertaining to specific localities, these forms are submitted to the Assistant Assessor and Collector, who is also required to select some of the important properties for field inspection.

The departmental instructions specify the duties of each one of the functionaries of the Assessment Department, viz., the Section Inspector, the A.Z.I./Z.I. and Assistant Assessor and Collector. These instructions have been issued with a view to ensuring that the detection of the properties is prompt so that the assessment machinery can be set in motion for the purposes of levying the tax and collection of the revenues due to the Corporation. How exactly are the various functionaries performing their duties is discussed below on the basis of the evidence from the sample.

Performance Analysis of Detection Function

Out of our total sample of 450 properties, 274 properties come under the category of either new constructions or old constructions where additions, alterations or improvements, etc., have been made. These properties are required to be inspected within a period of one month of the date of issue of completion certificate or occupation of the building whichever is earlier. Table 2.1 shows that out of 274 properties required to be revised under Section 126 of the Act 254 were inspected after their completion or occupation, whereas only 20 properties were inspected before their completion or occupation.

It would be observed from Table 2.1, that only 12 per cent of properties were inspected in less than a month; the remaining were inspected any where between more than one month and less than 12 months. About 45.5 per cent of the properties under Section 126 of the Act were inspected after 3 months and before 9 months. It is obvious that the Section Inspectors were not observing the office instruction of Inspecting the properties within one month of their completion. This also shows that the instrument of watch registers, maintained by S. I., was not very effective in helping the Corporation for detecting the properties promptly. The gap between the prescription and conformity is a measure of deficiency in administrative efficiency. Its persistence over a long period of time is indicative of laxity in revenue administration.

TABLE 2.1 NUMBER OF PROPERTIES TO BE REVISED
UNDER SECTION 126 AND THE TIME TAKEN BY THE
SECTION INSPECTOR IN INSPECTING THEM AFTER
COMPLETION

<i>Time Taken</i>	<i>Number of Properties Inspected</i>	<i>Percentage</i>
Less than a month	30	12.0
Between one—two months	58	23.0
Between two—three months	16	6.0
Between three—six months	64	25.0
Between six—nine months	52	20.5
Between nine—twelve months	34	13.5
More than a year	—	—
	<hr/> 254 <hr/>	<hr/> 100.0 <hr/>

At present when a property is being revised under Section 124 for change in the rents or revision of rents of the tenant occupied portions of properties their rateable value can be increased only with effect from the next financial year even though the rent increase is enjoyed by the landlord much earlier than the beginning of the financial year. The loss in revenue suffered from this procedure is sought to be off-set by

the Corporation in disallowing, until the next financial year, any request for revision in the rateable value due to decrease in rents. It is evident from Table 2.2 that there is a wide time-gap between the date of Section Inspector's visit and the date on which changes had taken place which necessitated revision. This is because the department has to wait for the commencement of the next financial year before Assessment proceedings could be initiated under Section 124.

TABLE 2.2 NUMBER OF PROPERTIES TO BE REVISED
UNDER SECTION 124 AND THE TIME TAKEN BY THE
SECTION INSPECTORS IN INSPECTING THEM

<i>Time Taken</i>	<i>Properties inspected</i>	<i>Percentage</i>
Less than a month	20	14.0
Between one—two months	28	19.0
Between two—three months	9	6.0
Between three—six months	53	35.5
Between six—nine months	29	20.0
Between nine—twelve months	8	5.5
	<hr/> 147 <hr/>	<hr/> 100.0 <hr/>

Slack and Inadequate Inspection

Apart from detecting new properties for additions to the assessment list, an important segment of the Departments' duty is to keep their valuation records up-to-date in respect of the properties already on the assessment list. As is well known many of the properties undergo changes as a result of changes in ownership or due to changes in the nature of occupancy. The Corporation should pay greater attention to bringing up-to-date the records about rented properties as they are more revenue fetching than the owner-occupied properties as the revenues from them are inelastic.

It is evident from Tables 2.1 and 2.2 that a majority of the properties where new constructions have taken place or where additions, alterations or improvements have been effected, are not being promptly detected by the Section Inspector. Such properties appear to come to the notice of the Corporation only

after a period of six to nine months of their actual date of construction. We had even come across cases where a property came to the notice of the Corporation only after nine months of the completion of the building. This fact is significant in the light of the specific instructions given to the Section Inspectors in respect of maintenance of Watch Registers. The senior officers also do not seem to perform their supervisory duties effectively, even where supervision would really bring much revenue to the Corporation. The inspection could therefore be described as lax, and inadequate from the standpoint of increasing the revenues of the Corporation.

Besides slackness in inspection, the Section Inspectors usually complaint that they have to look after too many properties spread over too vast an area and it is difficult for them to keep a watch on each and every property. This complaint of the field staff deserves scrutiny. If it is valid, it needs remedy; if it is not valid, the Section Inspectors have to be informed, convinced and pulled up to perform their prescribed tasks. The Section Inspector's duty is to go on daily rounds in his ward. To us it appears that a new construction should automatically invite his attention even without his being particularly very vigilant since building materials are usually stacked for considerable time at the site of construction. Those who cannot perform the prescribed tasks have either to be transferred or drilled to fulfil their tasks. Securing conformity to the prescriptions is a task of inspection staff, and failure in this task, spells failure to the whole administrative system.

Poor Coordination

We would also like to draw attention to our study on the Building Department of the Delhi Municipal Corporation, where we have emphasised the necessity of maintaining a close liaison between the Building Department and the Assessment Department of the Corporation. These two departments are two wings of the same Organisation, and if only they could coordinate their activities, there would not be much of a problem for the field staff to detect the properties liable for assessment. When a citizen starts the construction of a new house or when he proposes to make some additions or alterations

to the existing building, he is not only required to obtain the approval of the building plans but is also required to inform the Corporation the exact date of starting the new construction. If the citizen does not inform the Corporation, he is liable to be penalised. We reiterate here, what we suggested in our earlier study, that it will be in the interest of the Corporation if the field staff of the Building Department feeds regular information to the Assessment Department about the progress of constructions in their respective areas.

The purpose of decentralizing municipal administration in Delhi was to enable the Zonal Officers to render prompt and efficient service to the citizens and to regulate the various activities in their respective zones in such a way that the Corporation can raise better revenues, and at the same time, provide better service for the citizens. This has, obviously, remained a pious hope. There does not appear to be close coordination amongst the various Zonal Officers even though they are located in the same building and are required to keep the Zonal Assistant Commissioner, informed of their activities and findings. The Zonal Assistant Commissioners are, in fact, appointed specifically for the purposes of coordinating the activities of the various departments under them. It would be worthwhile to study the office of Zonal Assistant Commissioner from the standpoint of effectiveness in bringing about coordination.

Consequences of Late Detection

One of the consequences of the late detection of properties is the frequent disputes between the owners and the Assessment Department of the Corporation. The citizens want the buildings to be assessed from a particular date, whereas the Corporation proposes another date. This difference between the dates leaves a wide margin for corrupt practices. The date is sometimes negotiated between the house-owners and officials for certain consideration. If the date of assessment is advanced by a few months, whether for consideration or otherwise, the Corporation loses its revenues.

Delay in detection also leads to delays in inspection. As a result of late inspection of properties under Section 126 of the Act, there is a great rush to serve notices on the citizens on or before the 31st of March of every year. This rush is

necessitated by the desire to complete the records of the Corporation and also to make the taxes leviable from a retrospective date. It is significant to note in this context that invariably there is a great shortfall between the total amount which the Corporation expects to recover in the financial year and the actual recovery. The staff as well as the Corporation Officers know fully well that the citizens on whom notices are served around 31st March could not possibly settle their disputes with the Corporation with the result that there is a wide gap between the actual and estimated revenues for a specific financial year.

The two consequences referred above lend themselves to feasible administrative action. For example, the application for the completion certificate could be linked with the date for assessment of property tax. Alternatively, the date of occupation, provided it is earlier to the application for completion certificate, could be the base for determining the date for levy of property tax. Either of these methods is more precise than the existing methods and as such could, in our view, minimize chances of illicit bargaining and consideration.

Inspection by Zonal Inspectors/Assistant Zonal Inspectors

The Zonal Inspectors/Assistant Zonal Inspectors are expected to inspect all properties where revision is proposed by the Section Inspectors. In addition to these properties, they are also required to check as many other properties as they can, selecting for this purpose important properties as against properties of very low rental values. The changes made by the Zonal Inspectors supercede the initial estimates of the Section Inspectors. In our view, a subsequent inspection of the properties by the Assistant Zonal Inspectors/Zonal Inspector is highly desirable and essential. Such inspection, apart from being a healthy check on the Section Inspector, also helps in detecting properties which might have been overlooked by the Section Inspector during his visits. This would also enable the A.Z.I./Z.I. to revise the rateable values of the properties either by suitably increasing or decreasing the amount as proposed by the S.I. The A.Z.I./Z.I. has to record his comments, if any, and sign the inspection sheet in token of having carried out inspection of a particular property.

The following Table shows the number of properties the A.Z.I./Z.I. inspected and the time interval that elapsed since the inspection by the Section Inspectors.

TABLE 2.3 TIME TAKEN BY A.Z.I./Z.I. IN INSPECTING
PROPERTIES TO BE REVISED AS PROPOSED BY
SECTION INSPECTORS

<i>Time Taken</i>	<i>Number of Properties Inspected</i>	<i>Percentage</i>
Less than a month	69	15.0
One to two months	22	5.0
Two to three months	18	4.0
More than three months	32	7.0
No subsequent inspection	284	63.5
No date given	2	0.5
Not applicable	23	5.0
	<hr/> 450	<hr/> 100.0

The above Table reveals a gross neglect of supervisory duties by the concerned officers. The absence of subsequent inspection in 63.5 per cent cases by either the A.Z.I. or the Z.I. is a glaring shortfall. There has been inspection within a month, as per rules, only in 15 per cent of the properties. Persistence in the time lag between prescription and conformity to instructions is a serious pathological symptom. While the A.Z.I./Z.I. are required to carry out inspection of properties proposed for revision by the S.I. within two weeks, nearly 85 per cent of our sample shows non-conformity to prescribed rules. Either the rules need revision or the staff has to be drilled into conformity.

An office order issued as far back as 1960 (No. Tax-HQ/G/2026) shows that there have been a number of complaints of over-assessment on account of over estimates by the Section Inspectors. It goes on to point out that many complaints could have been avoided had there been proper checking by the Zonal Inspectors. The situation has not improved since then.

Inspection by Assistant Assessor and Collector

The Assistant Assessors and Collectors are also required to inspect some properties proposed for revisions by the Section Inspector. They are not expected to visit the sites in all cases, but they must select some important properties. They may also check the assessment of other properties during the course of their inspection. Cases involving complicated inspections or cases where the properties are big in size consisting of a number of tenements or portions, are to be particularly inspected by the A.A. & C. The A.A. & C. is required by special instructions to satisfy himself about the various points urged by the Municipal staff as well as by the objectors by visiting the concerned locality. Such visits would help the officer to acquaint himself with the general rates of letting in the locality. The visits in fact seem to be few and far between. Out of our total sample of 450, the number of persons who have filed objections against the proposed rateable value of their properties is 338. It was only in 37 cases that the A.A. & C. has carried out inspections, which works to about 9 per cent of the total properties. These inspected properties also do not have any special characteristics which mark them out from other properties for visits by A.A. & Cs.

The follow-up inspection by both the A.Z.I./Z.I. as well as the A.A. & C. is lax and is proportionately small in number (9%). This makes supervision almost ineffective. This state of affairs raises serious doubts about fair and accurate assessment of properties because important decisions are allowed to be taken by the subordinate staff without check from higher authorities.

Detection and inspection tasks in the A. & C. Department have been followed in a routine way. There has, therefore, grown an atmosphere of delays in detection and slackness in inspections. Consequently, the Section Inspector emerges as the key man under the present system and what he notices or fails to notice in a particular locality, plays a very large part in determining Corporation's revenues from property tax. Inspection by the higher officers would certainly improve the existing state of affairs, but if such inspection is not possible, up to the limits specified by the Corporation, then, the only

alternative is to depend entirely upon the report of the Section Inspector. In view of this position, it would be necessary to train adequately the Section Inspectors in their Inspection duties. It would also be useful if systematic techniques of sampling the properties for selective inspection could be developed and followed in the various zones.

Citizens' Obligations

The Inspection of lakhs of properties and keeping track of changes in tenancies with increase and decrease in rents is a very difficult job without citizens' cooperation. In order to make the task easier, the Delhi Municipal Corporation has, under Section 129, powers to impose certain obligations on the property owners. According to this section, "when any new building is erected, or when any new building is rebuilt or enlarged, or any building which has been vacant is re-occupied, the person primarily responsible for the property taxes assessed on the building shall give a notice thereof in writing to the Commissioner within 15 days from the date of its completion or occupation, whichever occurs first, or as the case may be, from the date of its enlargement or re-occupation and the property taxes shall be assessed from him from the said date". Further, Section 131 of the Act stipulates that "to enable him (the Commissioner) to determine the rateable value of any land or building and the person primarily liable for the payment of any property taxes leviable in respect thereof, the Commissioner may require the owner or occupier of such land or building or any portion thereof to furnish him within such reasonable period as the Commissioner fixes in this behalf with information or with a written return signed by such owner or occupier.

- "1. (a) as to the name, place of residence of the owner or occupier or both the owner and occupier of such land or building ;
(b) as to the measurements or dimensions of such land or building or of any portion thereof; and
(c) as to the actual cost or other specified detail connected with the determination of the value of such land or building.
2. Every owner or occupier on whom any such requisition is made shall be bound to comply with the same

and to give true return to the best of his knowledge or belief, and

3. Whoever tries not to comply with any such requisition or fails to give true information or to make a true return to the best of his knowledge or belief, shall in addition to any penalty to which he may be liable, be precluded from objecting to any assessment made by the Commissioner in respect of such land or building of which he is the owner or occupier."

Thus, whereas Section 129 imposes an obligation on the property owners to keep the Corporation informed, Section 131 enables the Corporation to ask for information from the property owners about the changes in the tenancies or any other development. These provisions were obviously incorporated in the Act with a view to facilitating the detection of properties due for property taxes or their revision by the Corporation.

However, during our examination of 450 cases, we seldom came across a property owner who took the trouble of informing the Corporation about the structural changes in his building or increase in his rents, etc. This lack of conformity to legal requirements by the citizens coupled with the inadequate machinery for detecting properties which are to be assessed by the Corporation appears to be the main cause for loss of income to the Corporation. May be, this provision is not widely known, and it would be in the interest of the Corporation to inform the citizens about it. This kind of communication to the citizen may be of great help.

In the face of the failure of citizens to communicate changes to the zonal offices, the Corporation should resort to powers given to it under Section 131 of the Act. It may be argued that it is really difficult for the staff to visit each and every house and to keep a watch on the day-to-day developments, but still, in every zone, it should be possible for the Corporation Officers to send notices at random to various property owners under Section 131 of the Act and to analyse information received from the citizens and to see whether the property taxes can be increased. We understand that in the South Zone this experiment was tried in 1968 and the response from the citizens was encouraging. We hope that this method would also be utilised in other Zones.

If the citizens can be persuaded to discharge their responsibilities, it would certainly facilitate the work of the Department. We are of the opinion that the citizens are reluctant to cooperate, and to make the Corporation staff's work easy. The main reason for this reluctance appears to be the discourteous treatment which the citizens usually receive at the hands of the Corporation's staff whether it is in respect of obtaining permission for constructing a house, or in obtaining the completion certificate, or about obtaining permission for new water-supply connections.

Good public relations is a two-way traffic. If the Corporation staff pays due attention to the needs of the tax-payers, the image of the Corporation would change from one of a Policing Organisation to one of a Service Organisation. If this transformation takes place we have every reason to believe that the citizens would cooperate. Simultaneously the Corporation should also initiate action against those citizens who deliberately file false returns or who refuse to divulge information, which would help the Corporation in enhancing its finances. At present the citizens feel that they can get away with many of their acts of omission, because the Corporation staff is not very efficient, but if there were to be strict enforcement of penalties, the picture perhaps may change.

The salient points which emerge from an analysis of the data relating to detection are :

1. The Section Inspector is, at the moment, the key-man in supplying the necessary information to the Corporation. Neither the citizen nor the supervisory staff of the Corporation seem to be much concerned about the detection of properties for determining the rateable values.
2. The record-keeping in the Corporation is extremely defective; it is not systematically maintained by way of case histories pertaining to specific properties. The chaotic manner of collection and maintenance of information records must give way to more systematic methods.
3. There does not appear to be close coordination between the Building Department and the Assessment Department. Consequently, the right hand of the

Corporation does not know what the left hand is doing and vice versa, and as such, the Corporation's revenues suffer. There is an urgent need for closer coordination between these two departments which have got field staff dealing with the same or allied subject matter though, of course, for different purposes.

4. The Zonal Officers should be required to avail of the powers under Section 131 of the Corporation Act.
5. Though the assessment lists are required to be prepared promptly, in practice, the door to door checking takes place only once in four years and in some of the localities, door to door checking was not carried out at least for 8 to 10 years. Why was this so, deserves investigation? If this is due to the shortage of section inspectors, then, the necessity for utilising the powers under Section 131 dealing with eliciting information from citizens becomes all the more necessary. Random sample surveys would enable the Corporation to locate the areas where rents have been going up and where there is need for deployment of staff for detailed inspections.
6. Citizens should be kept informed of their responsibilities to communicate to the Corporation the construction of new structures or modifications in old structures. The citizens' propensity to participate in local administration could be stimulated by requiring the local representatives or leaders to cooperate with the Corporation Officials.

The above suggestions would help in the detection of properties which have to be assessed for the first time and also those properties where revision is necessary as a result of changes in tenancies or improvements to properties.

Assessment of Property

The Property tax occupies a very important position in our system of local taxation since it is the mainstay of most local bodies. In order to calculate the actual amount of property tax, it is necessary to fix some value for each property and the determination of this value on an accurate, uniform and equitable basis is of great importance. In almost all our States, property tax is at present based on the annual rental value of the land and building. The rateable value is either based on a reasonable rent which a hypothetical tenant may be expected to pay or on the basis of actual rent which the landlord receives for the building.

A Committee of Ministers constituted by Central Council of Local Self-Government in its report entitled "Augmentation of Financial Resources of Urban Local Bodies" has stated :

"This Tax (Property tax), however, has not been fully utilised partly because the existing system of valuation of property for assessment purposes is unsatisfactory; and partly because enhancement of collections of even the partly assessed tax has been very slack; in some cases, the property for assessment purposes is wilfully undervalued while in other cases, the locally elected Councillors by their training and experience, are unable to cope with the complicated problem of valuation of property. A vigorous effort must be made to rehabilitate the Property Tax to increase its productivity without increasing the burden on tax-payers who have been paying their fair share and to make it more equitable by bringing all taxable property on the tax-book and maintaining a uniform level of assessment."

The above quotation is an emphatic comment upon the unsatisfactory state of the system of property tax assessment, levy and collection. It also points partly to the causes for indifference among citizens to cooperate with the local administration. Particularly in tax administration an additional effort should be made by the tax officers so as to overcome the natural propensity among citizens to evade tax liabilities. We feel that the citizens would cooperate with the Administration provided the rateable values are determined on a basis, which impresses them to be fair to all of them. Discrimination in the fixation of rateable values between similarly situated properties would lead to endless disputes between the citizens and the Administration, and may sometimes even lead to unhappy and prolonged litigation in the Courts. The Delhi Corporation's interests would be best served if the citizens are persuaded to accept the rateable values determined by the Corporation and pay their taxes promptly and regularly.

The first major problem in administering the property taxes is the determination of the rateable values. This is a difficult task and poses various problems for the assessment administration. In the words of a former U.S. Supreme Court Justice, Justice Cardozo, the "assessor's job is to discover the least erroneous answer to an unanswerable problem."*

The Delhi Municipal Corporation Act stipulates that the basis of assessment for the levy of property taxes shall be a fair and reasonable annual rent at which a property (land and building) might reasonably be expected to be let out from year to year. How this value is arrived at by the Corporation in respect of individual properties is thus of great interest for the present study. Our analysis of the actual basis of the determination of the rateable value in Delhi is based on a close scrutiny of 450 files spread over the three zones of the Corporation.

As mentioned in the previous chapter, the Section

*Quoted by Donald E. Feragen, Alameda County Assessor, Oakland California in his paper on "Depreciation and Obsolescence in Personal Property Assessment" presented at the 29th International Conference on Assessment Administration held at Chicago, Illinois, 1963.

Inspector is required to bring all the properties which are liable for being taxed within his jurisdiction, to the notice of the tax Department. The usual procedure is that the Section Inspector reports new properties which are liable to be assessed and his report is scrutinized by the A.Z.I./Z.I., one of whom is required to carry out a cent per cent check of the cases reported by the Section Inspector. After this, the case is seen by the A.A.&C. and a formal notice is issued to the citizen informing him of the proposed rateable value of his property and giving him specific time for filing objections to Corporation's proposals. This procedure is followed both in respect of new constructions as also in cases where the rateable value has gone up due to increase in rents etc.

The assessment process starts with the publication of the assessment lists on 20th October of each year for the next financial year. For example, for the financial year 1968-69 the assessment list was published on the 20th October, 1967. The owners of the plots or of the houses are informed through the Press that the assessment list has been prepared and this could be seen in their respective zonal offices from 20th October to 30th November of each year. During this period of one month and ten days, the citizens are given an opportunity to file their objections to the assessment which has been determined by the Department. Whenever revision is proposed by the Department the Corporation is also required to serve notices on the individual citizens.

The most important function of the Department after the publication of the assessment list is the prompt despatch of revision notices to individual citizens. Serving of these notices is a crucial part of the Section Inspector's job and if notices are not duly served the assessment of the properties may turn out to be illegal. Section 444(I) of the Delhi Municipal Corporation Act prescribes the due procedure for serving the notice. The notice is duly served on the property owner if it :

- “(i) is given or tendered to him, or
- (ii) if such person cannot be found, is affixed on some conspicuous part of his last known place of residence or business, if within the union territory of Delhi; or is given or tendered to some adult member of his family or is affixed on some conspicuous part of the

land or building, if any, to which it relates, or
(iii) is sent by registered post to that person."

Where the name of the owner or occupier is not known, the notice can be served by addressing it to the "owner", "occupier" or by affixing it in some conspicuous part of the land or building.

In order to ensure the proper service of notices, specific instructions based on Section 444 of the Act have been issued and the Section Inspector has to bear these in mind while serving the notices. These instructions visualise that the Section Inspector would serve the notices personally after ascertaining the party to whom the notices have to be served and this must tally with the name shown in the assessment list. The notices are required to be served on the person who is primarily liable for payment of the taxes. If the property has changed hands, the name of the present owners should be shown in addition to the name of the previous owner. The date on which the notice is served is required to be indicated and the signature of the person on whom the notice is served is also required to be obtained on the original notice. The date of service of the notice is also required to be written in words and not in figures.

We find that where a change in the rateable value was contemplated, the notice was duly served on the citizen. All the columns of the notices were found to be complete except in some cases where the Section Inspector failed to specify clearly the reasons why the assessment was being enhanced. Some assesseees complained in writing not only about the failure of the Corporation to communicate the reasons for enhancement of taxes, but complained also about the illegibility of the notices.

For revision under Section 126 of the Act orders specifying time limit to issue notices have also been set down. Whenever a revision for additions and alterations is proposed, the Section Inspector is required to take care that the notices are sent within six weeks of his inspection. Table 3.1 shows that only in 51 per cent of the cases, the Section Inspector despatched notices within six weeks; in 20 per cent of the cases, he took from six weeks to twelve weeks and in 10 per cent of the cases, it was more than six months.

TABLE 3.1 TIME INTERVAL BETWEEN THE INSPECTION
AND NOTICES SERVED UNDER SECTION 126 OF
THE ACT (NEW PROPERTY)

<i>Time Taken</i>	<i>Percentage</i>
Six weeks and less	51.5
More than six weeks and less than three months	20.0
More than three months and less than six months	12.0
More than six months	10.5
No information	6.0

TABLE 3.2 TIME INTERVAL BETWEEN INSPECTION AND
NOTICES SERVED UNDER SECTION 124 (REVISION)

<i>Time Taken</i>	<i>Percentage</i>
Six weeks and less	16.0
More than six weeks and less than three months	5.5
More than three months and less than six months	26.0
More than six months to less than nine months	47.0
No date	5.5

There is a certain disparity in the procedure regarding the despatch of notices under Sections 124 and 126. Whereas the procedures of the Corporation require that notices under Section 126 should be sent within six weeks of the date of inspection, no such period has been specified for notices served under Section 124 of the Act.

As stated earlier, the Assessment Department revises the rateable value of the properties whenever an increase is deemed necessary either as a result of increase in the rent or on account of additions, alterations or improvements in the existing structure. The citizens are required to file objections immediately after publication of Assessment list if they think it necessary.

In response to individual notices the property owners are expected to file objections within 30 days of notice of the assessment. These objections are entered in a register called the Objection Register. The procedure for the registration and disposal of parties' objections to valuation is given below:

1. Party's objection to valuations (under Section 124 or 126 of the D.M.C. Act of 1957) is received at the Zonal Office. The objection letter is passed on to the S.I. concerned for further processing.
2. The S.I. enters the objection in an Objection Register.
3. He writes the call letters on the standard printed form, gets them signed and
 - (i) either sends them by post, or
 - (ii) delivers them personally, in the same manner as notices.
4. Prepare an objection case file comprising:
 - (i) A/B Form,
 - (ii) copy of notice,
 - (iii) original objections,
 - (iv) counterfoil copy of call-letter, and
 - (v) blank printed forms for decision (with necessary entries filled).
5. The S.I. in consultation with the personal clerk of the Investigating Officer, fixes programmes for hearing and forwards the schedule of dates. He subsequently fixes the predetermined number of cases for each day and issues call letters accordingly.
6. The concerned S.I. attends the hearing with the relevant objection file.

Objections to Rateable Value and their Disposal

Out of our total sample of 450 properties, 331 property owners objected to the proposed rateable value of their properties and filed objections. About 5.5 per cent of our sample could not lodge their objections within the stipulated time. However, 19 per cent of the citizens did not file any objections (Table 3.3). It could perhaps be assumed that the last category was satisfied with the proposals of the Assessment Department.

TABLE 3.3 TIME TAKEN FOR FILING OF OBJECTIONS

<i>Time Taken</i>	<i>Number of property owners</i>	<i>Percentage</i>
Filed in due time	331	74.0
Not filed at all	87	19.0
Time barred objections considered by the De- partment	7	1.5
Time barred objections not considered by the Department	18	4.0
Not applicable	7	1.5
	<hr/>	<hr/>
Total	450	100.0
	<hr/>	<hr/>

That 74 per cent of the sample filed objections to the proposed assessment shows the widespread dissatisfaction with the valuation of the Department. That the dissatisfaction with the valuation of the Department is widespread and is not confined to any specific category of rateable values would be apparent from Table 3.4. What was the nature of their objections and how much time did the Corporation take to dispose of these objections? Answers to these questions are attempted in the following paragraphs.

Nature of Citizens' Objection

Accurate assessment of properties is a matter of considerable importance not only for the citizens but also for the Corporation because a fair system gains the confidence of the property owner and ensures a steady flow of revenues for the Corporation. We, therefore, focussed our attention on the nature of citizens' objections to the proposed rateable values and how their objections were dealt with by the Corporation. We also tried to find out whether certain sets of principles for assessment of properties had been determined and whether they were being applied uniformly.

According to the procedures prescribed for disposal of objections the Assistant Assessor and Collector has to make

TABLE 3.4 THE OCCUPANCY STATUS AND THE RATEABLE VALUE OF PROPERTIES WHOSE OWNERS
FILED OBJECTIONS TO THE CORPORATION'S PROPOSALS

<i>Rateable Value in Rupees</i>	<i>Nature of the Properties</i>				<i>Total</i>	<i>Percentage</i>
	<i>Self- occupied</i>	<i>Partially rented</i>	<i>Rented</i>	<i>New construc- tion</i>		
Between 1,500 and less	19	5	3	—	27	8
1,501—3,000	35	22	5	—	62	18
3,001—4,500	17	32	11	3	63	19
4,501—6,000	13	21	7	—	41	12
6,001—7,500	13	27	11	—	51	15
7,501—9,000	3	15	6	—	24	7
9,001 and above	14	29	26	1	70	21
	114	151	69	4	338	100

investigations on the objections lodged by the assesseees. Sub-Section (5) of Clause 124 stipulates that "the objection shall be inquired into and investigated and the persons making them shall be allowed an opportunity of being heard either in person or by an authorised agent, by the Commissioner or by any officer of the Corporation authorised in this behalf by the Commissioner."

The nature of objections filed by 114 citizens who were owner-occupiers of their properties is analysed in table 3.5.

TABLE 3.5 THE NATURE OF OBJECTIONS FILED BY THE OWNERS OF SELF-OCCUPIED PROPERTIES TO THE PROPOSED RATEABLE VALUE

<i>Nature of Objections</i>	<i>Number</i>	<i>Percentage</i>
Owner occupied	60	53.0
Date of Effect	11	9.5
Vacancy Remission	1	1.0
House not yet ready	3	2.5
Other	5	4.0
Combination of any two of the above objections	32	27.5
Combination of any three of the above objections	2	2.5
	<hr/> 114	<hr/> 100.0

The rateable value in respect of 53 per cent of the concerned citizens was objected to mainly on the ground of owner occupation. There is no provision in the Act which entitles a citizen to any concession because the property is self-occupied. The Corporation is required to assess the rateable value of the property only on the basis of the rent which a hypothetical tenant may pay for that property. Nevertheless, the Corporation, as a matter of policy, has been giving concession to owner-occupiers. The staff is required to compare owner-occupied properties with similar neighbouring properties which may

have been let out and to give a concession to a maximum extent of about 25 per cent. A very large number of objections filed by the citizens are based on the ground that since they are occupying their own properties, they should be treated more leniently than at present. To us, there does not seem to be any justification for allowing this preferential treatment to owner-occupied properties. The case for according preferential treatment to owner-occupied properties rests on two arguments. Firstly, it is urged that owner-occupied properties do not bring in any income; the capacity to pay in respect of such properties is less and therefore they should be assessed at lower rates. Secondly, it is socially desirable to show some consideration to people who save and build their own houses to live in. Moreover there is no explicit legal provision for revising the rateable values of self-occupied properties.

As against these arguments, however, it should be noted that the facilities and services provided by the Corporation are equally available both to the tenant occupied properties and to the owner-occupied properties. As such, there does not seem to be any justification for differential treatment.

As stated earlier, the assesseees of self-occupied properties invariably protest against the proposed rateable value which they usually regard as excessive, exorbitant and arbitrary. Beyond saying this, they normally do not adduce any evidence as to why they thought that the proposed rateable value is excessive. One stock argument that they normally advance is that the properties of similar nature in their localities are assessed far less. Another complaint voiced by many owner-occupied property owners is that their properties are situated in unhygienic localities and as such, are incapable of fetching rents as estimated by the Section Inspectors. The file scrutiny also shows that the Assistant Assessor and Collector rarely visits such localities personally for determining the rateable values. As such, the rateable value of self-occupied properties is more or less determined on the basis of surmises rather than any well defined principles.

The assessment of self-occupied properties is very important and it is essential to develop a uniform system which is fair and equitable. At one time, the Corporation had laid down certain principles for determining the rateable values of self-

occupied properties in specific areas such as Green Park, Amar Colony, Lajpat Nagar, etc. These principles were not uniformly applied either over a specific area or even over the entire area of a particular zone.

At the present moment, there does not appear to be any general principle which could be applied to the self-occupied properties. In our opinion the Corporation should lay down certain principles for determination of the rateable value of self-occupied properties. The general formula could be based on the total living area available in that particular property after ascertaining the type of services and facilities which are available. All the properties would normally fall into three categories : those properties where top-quality materials have been used with all the facilities. These could be termed as 'A Class' properties. Similarly, there could be 'B Class' properties where some amenities are provided and they are not of very high quality. There could be 'C Class' properties, where only the minimum essential facilities have been provided. The rateable values of self-occupied properties could be linked with the floor-area available and the amenities provided therein.

If the Corporation evolves such a formula, it should be made applicable to the whole area of the Corporation. Most of the citizens would welcome the categorisation of their properties according to the standard of construction and the determination of the rateable value of self-occupied properties would not then be as controversial a subject as it appears to be at the present moment. Categorisation and application of uniform principles for each category is an essential characteristic of sound administration.

In the absence of specific instructions and principles, the Assistant Assessors and Collectors exercise a great amount of discretion in determining the rateable values of self-occupied properties. The exercise of this unfettered discretion can lead to the distribution of favours which is not a healthy practice for a revenue collecting department.

Next we may consider the nature of objections of owners of partially rented properties as listed in table 3.6.

It is difficult to tabulate exactly the objections filed by the 88 citizens who have let out their properties and are also residing in portions of the same property. Their objections

normally arise from requests for concession for those portions wherein they themselves are residing. The Corporation's rules are also a little ambiguous. Insofar as the rented portions are concerned, the rateable value is determined on the basis of the rents less the rebates for the amenities provided such as fans, geysers, booster pump, and moveable furniture, etc. Insofar as the owner-occupied portions are concerned, this kind of rebate is not available. As a result of this confusion, much is left to the discretion of the Section Inspector and hence, complaints from the citizens. If the Corporation determines the rateable value of such properties on the same basis as the rented portion of the house, the citizens object. Similarly, they do not allow the properties to be compared with other similarly situated but rented properties because the comparison may not be beneficial to them.

TABLE 3.6 THE NATURE OF OBJECTIONS FILED BY
THE OWNERS OF PARTIALLY RENTED AND PARTIALLY
SELF-OCCUPIED PROPERTIES TO THE PROPOSED
RATEABLE VALUE

<i>Nature of Objections</i>	<i>Number</i>	<i>Percentage</i>
Partially rented and partially owner-occupied	88	58.5
Vacancy Remission	2	1.0
Others	10	7.0
Claims rebate for amenities provided	1	0.5
Combination of any two of the above objections	44	29.0
Combination of any three of the above objections	6	4.0
	<hr/> 151	<hr/> 100.0

As was suggested in a previous paragraph, it would be advisable if the Corporation could adopt uniform principles for determining the rateable values of self-occupied properties. These

principles could also be made applicable to partially owner-occupied properties.

Nature of Objections of the Owners of Rented Properties

It would be seen from table 3.7 that 46 per cent of the objections relate to the actual rent, the date of effect and the rebate for the amenities provided. In disputes about rents there was no evidence requiring citizens to produce the counterfoils of the rent receipts issued by them to their tenants. Most of the Assistant Assessors and Collectors only ask for a certificate from the tenant which the landlords normally produce. The Section Inspector and the Assistant Zonal Inspector do not seem to insist upon counterfoils of rent receipts during the course of their field visits. There should normally be no dispute about the rateable value of rented properties provided there is verifiable evidence. In its absence there is room for collusion between property owners and Corporation staff.

Disputes relating to the date of effect of rateable value could easily be avoided by the Corporation if there was closer coordination between the Building Department and the Assessment Department. As stated earlier, the date of occupation or the date on which the completion certificate has been applied for should be uniformly accepted as the date from which taxes have to be levied in respect of all properties. In case the property has remained vacant, the owner can claim vacancy remission but he has to inform the Corporation in writing within fifteen days of the occurrence of vacancy. It is the property owner's responsibility to inform the Corporation as to when his house has been let out and for what amount. If the property owner does not give necessary information to the Corporation which, would have enabled it to carry out a full check, there is no reason why the Corporation should be lenient to such a citizen.

Citizen's objections (13%) to the rateable value on the basis of amenities provided by them to the tenants and the rebates admissible thereupon constitute a source of contention because of want of proper communication between the citizens and the Administration about the rebates allowed by the Assessment Department. At present, there is no booklet or pamphlet of the Corporation which lays down the exact

rebates admissible to for the provision of fans, geysers, booster pumps, etc. This needs to be made known to the citizens so that everybody gets the benefits rather than only that segment which is well connected. Normally the Corporation itself should allow these rebates to the citizens whether they claim it or not. There is no reason why a citizen should be penalised because he does not know the rules. The Section Inspectors are also at fault since they do not prepare a list of the amenities provided to the tenants. They should be required to do so and the rebates thereupon should be automatically admissible to the citizen irrespective of the fact whether he objects to the rateable values or not.

TABLE 3.7 THE RENTED PROPERTIES AND THE NATURE OF OBJECTIONS TO PROPOSED RATEABLE VALUES

<i>Nature of Objections</i>	<i>Number</i>	<i>Percentage</i>
Rent disputed	20	29.0
Date of effect	3	4.0
Amenities provided	9	13.0
Vacancy remission	3	4.0
Not yet ready	1	1.5
Others	2	3.0
Combination of any two of the above objections	21	31.0
Combination of any three of the above objections	10	14.5
	<hr/> 69	<hr/> 100.0

Acceptance of Citizen's Objections

Table 3.8 shows the decisions of the Assistant Assessors and Collectors on the objections filed by the assessees.

Out of our total sample of 450 people, 87 people did not file any objections; and 18 filed objections after the due date but these objections were not considered by the Corporation. Of the 338 citizens who filed objections, 87 per cent were able to get their objections either totally or partially accepted. The

objections were overruled in respect of 12.5 per cent of the complainants.

TABLE 3.8 DECISION ON CITIZEN'S OBJECTIONS TO PROPOSED RATEABLE VALUES

<i>Responses</i>	<i>Number</i>	<i>Percentage</i>
Objections totally accepted	189	56.0
Objections partially accepted	104	31.0
Objections overruled	42	12.5
Decisions yet to be given	1	0.2
Ex-parte decisions	2	0.3
	<hr/> 338	<hr/> 100.0

The acceptance of objections in respect of 87 per cent of the citizens is rather high. This can be interpreted in two ways. On the one hand, it would appear that the Corporation officials are receptive to the demands of the citizens and are prepared to go a long way to accommodate them. On the other hand, this also shows the deficiencies of the field staff in submitting proposals which are ultimately overruled as a result of citizen's objections. The supervisory staff such as the A.Z.I. and Z.I. do not obviously pay sufficient attention to their supervisory functions. In case they were paying enough attention, such a high per cent of objections could not have been sustained. This phenomenon also raises another issue. If the many objections raised by the citizens have been upheld, the interest of those citizens who could not file their objections as a result of non-receipt or delayed receipt of notices or any other factor, would certainly have gone by default. The high percentage of sustained objections lends support to the citizens' fears that the rateable values are usually inflated by the staff.

A proper approach to remove the deficiencies noted above would be in a thorough training of the staff, better inspection and supply of systematic information about rebates and their uniform application. These steps would enhance citizen satisfaction and save the time of officers for more important work.

The table 3.9 gives the details of the difference

between the rateable value proposed by the Section Inspector and the rateable value finally arrived at after the investigation by the Assistant Assessor and Collector. The wide gap between the proposed value and the finally arrived at value shows the inadequacy of the reports being currently submitted to the Assistant Assessor and Collector.

TABLE 3.9 DIFFERENCE BETWEEN THE RATEABLE VALUE
AS PROPOSED BY THE SECTION INSPECTOR AND AS
FINALLY DECIDED BY A.A. & C.

	<i>Total No.</i>	<i>Percentage</i>
1. Original proposal upheld	146	33.0
2. 1 to 10% reduction	75	16.5
3. 11 to 20% reduction	68	15.0
4. 21 to 30% reduction	49	11.0
5. 31 to 50% reduction	60	13.5
6. 51 to 75% reduction	16	4.0
7. 76 to 100% reduction	8	2.0
8. More than 100% reduction	13	3.0
9. Assessment deferred	only one case	0.3
10. A.A.&C. increases the S.I.'s proposal	4	1.0
11. Decision yet to be taken	2	0.4
12. Information not on record	1	0.3
Total	443	100.0

The rateable values, more often than not, appear to be unduly inflated to create an impression of awe in the minds of property-owners which would lead to their entering into a compromise with the Corporation staff. In about 64 per cent of the cases the rateable value was reduced on the basis of the objections filed by the citizens. The inflating of rateable value is highly undesirable. After the notices are served on the citizens informing them that the Corporation proposes to enhance the rateable value of their properties the staff members directly, or through some agents, contact the property owners

and inform them that rateable value could be reduced for some consideration. In a number of cases it was found that the actual levy imposed was much lower than the proposed rateable value. We were informed that a senior official of the Department who suspected some malpractices got some of these cases re-examined from some trusted members of his personal staff. After a personal check in some cases, he came to the conclusion that there has been a definite collusion between the S.I./Z.I./A.A.&C. and property owners to deprive the Corporation of its legitimate revenues. It was found that actual rents were of much higher amount than what has been recorded in the Corporation registers.

Nature of Evidence for Assessment

We raised the question earlier whether the citizens were asked to produce evidence in support of their contentions. The evidence which formed the basis of assessment is given below.

TABLE 3.10 BASIS OF ASSESSMENT OF RENTED PROPERTIES

<i>Basis of Assessment</i>	<i>Total No.</i>	<i>Percentage</i>
(a) Production of rent receipts	14	20.0
(b) Certificate of rent from tenant	13	19.0
(c) Ex-parte decisions	10	15.0
(d) No documentary evidence but assessee agrees to proposed rateable value	18	26.0
(e) Rebate for amenities claimed	3	4.0
(f) Others	10	15.0
(g) Building not ready	1	1.0
	<hr/> 69 <hr/>	<hr/> 100.0 <hr/>

TABLE 3.11 BASIS OF ASSESSMENT OF PARTIALLY RENTED
AND PARTIALLY SELF-OCCUPIED PROPERTIES

<i>Basis of Assessment</i>	<i>Total No.</i>	<i>Percentage</i>
(a) Production of rent receipt	8	5.5
(b) Certificate from tenant	20	13.0
(c) Partially owner-occupied and partially rented	43	28.5
(d) No documentary evidence but assessee agrees to the proposed rateable value	44	29.0
(e) Others	24	16.0
(f) Ex-parte decisions	9	6.0
(g) Building not ready	1	1.0
(h) Rebate for amenities allowed	2	1.0
	<hr/> 151 <hr/>	<hr/> 100.0 <hr/>

Tables 3.10 and 3.11 indicate the haphazard manner in which evidence for determination of the rateable value of rented properties is admitted at present by the Corporation. Normally, one would presume that in view of the various clauses of the Corporation Act, and the Rent Control Act, the Assistant Assessors and Collectors would insist upon the production of counterfoils of the rent receipts, but this seems to be the case only in about 10 per cent of the properties. In the rest of the sample all sorts of methods are being employed by the property owners for convincing the Assistant Assessor and Collector about the validity of their respective claims. Why the Corporation Officers allow a citizen to get away without producing rent receipt is inexplicable. Normally, most of the tenants would be interested in obtaining regular receipt. Under the Rent Control Act the property owners are also obliged to issue rent receipts. But the reluctance to produce the counterfoils of the rent receipts before the Assistant Assessor and Collector certainly raises suspicions. Only 22 of the property

owners out of a total of 220 in the two tables have produced rent receipts for getting their rateable values determined.

Delays in Disposal of Objections

Only 32.5 per cent of the citizens who filed the objections were given an opportunity to appear before the Assistant Assessor and Collector within a period of one month from the last date for the filing of objections. The rest of the property-owners had to wait for a period of one month to more than three months for even getting an opportunity to present their case to the Assistant Assessor & Collector. If this opportunity is not given expeditiously, there is considerable delay in the disposal of cases and consequently, the revenues of the Corporation are not realised in proper time. Some of the cases remain unattended for even two to three years.

TABLE 3.12 THE TIME INTERVAL BETWEEN THE LAST DATE FOR FILING OBJECTIONS AND THE DATE GIVEN FOR HEARING OF OBJECTIONS

<i>Time</i>	<i>Number of Cases</i>	<i>Percentage</i>
Less than a month	108	32.5
Between one-two months	75	22.0
Between two-three months	35	10.0
Three months and more	90	27.0
Nothing on Record	29	8.5
	<hr/> 338 <hr/>	<hr/> 100.0 <hr/>

A circular issued by the Corporation says, that "the objections, if and when received, must be disposed off within one month". Table 3.13 shows the actual time taken by the Corporation in the disposal of objections filed by the citizens.

In respect of only 20 per cent of the cases, the Corporation has been able to keep to the time schedule specified by the Department. In 33 per cent of the cases, the time taken was one to three months; whereas in 46 per cent of the cases, the time lag was between three months and an year or more. It is unfortunate that the instructions issued by the Corporation are not being strictly adhered to by its own officers. One

month's time for the disposal of objections should be adequate and all the cases which do not lead to litigation should normally be disposed off within that period. That of the complaining citizens 62 per cent appeared in person is an indication of their anxiety to get their objections settled expeditiously. Delay in settlement of objections creates a poor image of the administration.

TABLE 3.13 TIME TAKEN FOR DISPOSAL OF CASES
WHEN OBJECTIONS WERE FILED

<i>Time Taken</i>	<i>No. of Cases</i>	<i>Percentage</i>
Less than a month	67	20.0
Between a month and three months	111	33.0
Three-six months	73	21.5
Six-nine months	45	13.0
Nine months and twelve months	12	3.5
More than one year	26	8.0
No information	4	1.0
	<hr/> 338	<hr/> 100.0

Data Analysis of Property Owners who did not file any objections to the proposed Rateable Value of their properties

We may also consider the 10 per cent of our sample, who did not consider it worthwhile to file any objections and the time taken by Assessment Department in deciding such cases. In a circular issued on 3rd December, 1967, it was decided as a matter of policy that "the unobjected cases must be finalised within one week of the last date for lodging objections". The table 3.14 shows the time taken for disposal of cases where no objections were filed.

Even assuming that one week's time for the disposal of unobjected cases is a little too ambitious, we think all such cases should normally be disposed off in less than a month. However, we find that of the 87 cases, 71 of this category of

cases could not be finalised by the Corporation even in the period of more than one month, though normally they should be disposed off according to the circular within one week.

TABLE 3.14 TIME TAKEN FOR DISPOSAL OF CASES WHEN
OBJECTIONS WERE NOT FILED

<i>Time Taken</i>	<i>No. of Cases</i>	<i>Percentage</i>
One week and less	7	8.0
Between a week and one month	9	10.0
One month to two months	26	30.0
Two months to three months	18	21.0
Three months and more	18	21.0
Dates not given	9	10.0
	<hr/> 87	<hr/> 100.0

Apart from the unnecessary delay in the disposal of these cases, there is another aspect which needs consideration. This relates to the possible motives of the citizens who did not object to the Department's proposals. Could this be the category of citizens who had already reached some sort of an understanding with the operating staff of the Corporation or could it be that their rateable values were so low that they did not consider it worthwhile to file any objections, or was the Corporation staff so very efficient and accurate in its assessment that there was no need for the citizen to object? These are some of the questions which come to one's mind when one thinks of the citizens who did not object. The table 3.15 shows the rateable value of properties of those citizens who did not consider it worthwhile to file any objections.

It is evident from table 3.15 that out of 87 property-owners who have not filed any objections as many as 55 belong to that category of properties whose rateable values are either high or very high and their monthly rents are Rs. 500 and above. Normally, these people would be well informed of the rules and regulations and they could avail of the various concessions available to property owners. We have rarely come across a case where the Corporation on its own has given all the benefits to a

citizen which he himself claimed. The concessions that we are referring to are rebates in the rateable value if a citizen has installed fans, geysers, bath tubs, furniture, etc., which would normally be available for this high category of properties. We would suggest that the Assistant Assessors and Collectors should take special care in respect of those properties where the rateable values are high, and where their owners do not object, as these cases may involve some kind of an understanding between the field staff and the property owners. It would be in the interests of the Corporation if the Assistant Assessor and Collector examines all those cases where the rateable value is above Rs. 6,000 and the citizen does not object to the Assessment because these cases would normally involve under-assessment rather than accurate assessment.

TABLE 3.15 THE RATEABLE VALUE OF PROPERTIES WHOSE OWNERS HAVE NOT FILED ANY OBJECTIONS TO THE PROPOSED RATEABLE VALUE OR THEIR PROPERTIES

<i>Rateable Value</i>	<i>No. of Property Owners</i>	<i>Percentage</i>
Less than 1,500	6	5.5
Between 1,501-3,000	7	8.0
Between 3,001-4,500	10	11.5
Between 4,501-6,000	9	10.0
Between 6,001-7,500	11	13.0
Between 7,501-9,000	14	16.0
9,001 and above	30	36.0
	<hr/> 87 <hr/>	<hr/> 100.0 <hr/>

The table 3.16 shows the nature of occupancy of properties whose rateable values are between Rs. 6,000 and Rs. 9,000 and above, and whose property owners have not filed any objections.

From the table 3.16, it is clear that 60 per cent of the citizens who did not file the objections were either occupying the house themselves or they were partially occupying and partially renting it out. In such cases, the Corporation would lose considerable revenue as a result of under-assessment, and

hence, there is an urgent need for firm supervision on the part of the Assistant Assessor and Collector while dealing with these cases in which objections were not filed by citizens.

TABLE 3.16 NATURE OF OCCUPANCY WHERE RATEABLE VALUES BETWEEN 6,001—9,000 AND ABOVE AND WHERE NO OBJECTIONS HAVE BEEN FILED

Nature of Properties	Rateable Values			Total	Percentage
	6,001—7,500	7,501—9,000	9,001 and above		
Self-occupied	2	4	6	12	22.0
Partially rented	4	5	12	21	38.0
Rented	5	5	11	21	38.0
New Construction	—	—	1	1	2.0
Total	11	14	30	55	100.0

Gaps in Assessment Reporting

The Section Inspector's report should normally aid the Investigation Officer in estimating the rateable value of the property with a reasonable degree of precision but this would be true only if the Section Inspector submits a comprehensive report. At present, the S.I. notes down in his inspection register the extent of accommodation, the location of property and the owner's name and address. Besides this, there may be some information as to whether the property is let out and if so, for how much and to whom, but the S.I.'s report is usually silent on the amenities provided, the total area in the occupation of the tenant and the quality of the construction of the building. In the absence of such detailed information, the Assistant Assessor and Collector has probably no other alternative but to try to arrive at a compromise with the citizen so as to avoid litigation. It is suggested that the Section Inspectors should be made to submit comprehensive reports, which would help the Assistant Assessor and Collector in arriving at a reasonable decision.

The rateable value which the Assistant Assessor and Collector finally determines is a compromise between what the

Section Inspector has proposed and what the assessee claims as the rent the property is likely to fetch if ever it was to be let out. It is difficult to say whether this amount represents the fair and reasonable rent which the property might fetch. We can only presume that the Assistant Assessor and Collector in arriving at a compromise between the Section Inspector's proposals and the citizens' claims has a fairly good idea of the prevailing rents in various localities of his zone. However, a preponderant impression which a lay observer would normally carry home is that the citizens who are vocal and articulate can usually sway the Assistant Assessor and Collector in their favour and get from him many more reductions in the proposed rateable value than those citizens who are not so articulate and who are not so well conversant with the procedures of the Corporation. There is probably a tendency on the part of the investigating officers to placate the citizens as far as they could and perhaps this is related to the practice of inflating rateable values. However, this does not show much of a system. The Assistant Assessors and Collectors satisfy the citizens by allowing reductions in the inflated proposals. The citizens have the satisfaction that at least a part of their complaint is remedied by the Assistant Assessor and Collector. But neither the citizens nor the Corporation Officers know as to what exactly is being lost or gained by them respectively as a result of this kind of bargaining. A thoroughly systematic approach is required for a fair and equitable distribution of taxes over as large a segment of the population as possible and this certainly cannot be arrived at under the existing practice.

Revision of Assessment

In an expanding city like Delhi, changes in tenancies are quite frequent. And if the Corporation has to collect the full revenues due to it, it must keep track of these changes because the rents are continuously going up and these must be reflected in the rateable values. As such, the revision of assessment of rented, partially-rented and partially owner-occupied properties is of considerable interest for increasing the revenues of the Corporation. How frequent is the inspection which leads to revision of rateable values was one of the issues which we tried to investigate. In this context, it will be useful to keep in mind

the observations (vide Para 17) of the Morarka Commission Report, which reads as follows:

"In order to ascertain the reliability of the assessee's rateable value and for gauging the extent of leakage in the municipal revenues through under-assessment, the Commission conducted field surveys of 300 properties located in selected areas of the Corporation, namely, Daryaganj, Rajinder Nagar and Rajouri Garden. The percentage of under-assessment for these areas was found to be ranging between 30 per cent and 40 per cent. The main reason for under-assessment for these areas was the non-revision of the assessment lists in time, though the Delhi Municipal Corporation Act, 1957, provides for yearly assessment. Renovations, alterations and changes in tenancy in these areas were not incorporated in the Municipal record. Consequently, the Corporation, is being deprived of substantial revenues. It was also gathered during the course of these surveys that the untrained and inexperienced personnel and their frequent transfers due to extraneous interference were mainly responsible for under-assessment and non-revision of rateable values."

This is a serious reflection on the functioning of the Assessment Department of the Corporation. Our survey spread over three zones of the Corporation substantially confirms the observations of the Morarka Commission.

The tables 3.17, 3.18 and 3.19 show the first assessment year of the various properties and the number of times their rateable value was revised from the year of first assessment.

The tables 3.17, 3.18 and 3.19 bring out the infrequency of revision of assessment of properties. The rateable value of 49 properties (table 3.17) has not been revised even once during the decade. A clear gap thus exists between the prescription and its fulfilment in fact.

Though the assessment of new constructions in Delhi can fetch a good deal of amount, yet, the major source of revenue has to come from the existing properties. Additions, alterations to the existing structures or construction of an entire new floor can lead to considerable changes in the rateable value of such properties. The number of properties where additions,

TABLE 3.17 PROPERTIES WHICH WERE FIRST ASSESSED
BETWEEN 1958-61 AND THE NUMBER OF TIMES THEIR
RATEABLE VALUE WAS SUBSEQUENTLY REVISED

<i>Rateable Value Revision</i>	<i>No. of Properties</i>	<i>Percentage</i>
Revised five times	2	0.5
Revised four times	7	2.5
Revised thrice	20	7.5
Revised twice	64	24.0
Revised once	125	46.5
Not revised at all	49	19.0
	<hr/> 267 <hr/>	<hr/> 100.0 <hr/>

TABLE 3.18 PROPERTIES WHICH WERE FIRST ASSESSED
BETWEEN 1962-65 AND THE NUMBER OF TIMES THEIR
RATEABLE VALUE WAS REVISED

<i>Rateable Value Revision</i>	<i>No. of Properties</i>	<i>Percentage</i>
Revised four times	1	1.0
Revised thrice	2	2.0
Revised twice	19	18.0
Revised once	45	44.0
Not revised at all	36	35.0
	<hr/> 103 <hr/>	<hr/> 100.0 <hr/>

TABLE 3.19 NUMBER OF PROPERTIES WHICH WERE FIRST ASSESSED
BETWEEN 1966-68 AND THE NUMBER OF TIMES THEIR
RATEABLE VALUE WAS SUBSEQUENTLY REVISED

<i>Rateable Value Revision</i>	<i>No of Properties</i>	<i>Percentage</i>
Revised once	8	12.0
Not revised at all	59	88.0
	<hr/> 67 <hr/>	<hr/> 100.0 <hr/>

alterations and improvements have taken place are likely to be much more than new constructions. As such it is suggested that the Corporation may keep track of the existing properties on the assessment list, and changes in these properties as regards tenancies and additions and alterations for improving the revenues of the Corporation.

It is necessary to have more frequent checking of properties as there are considerable upward changes in rents of properties. The department carried out a random check of about 400 properties during 1966-67 and it was confirmed that such an activity on a large scale would yield substantial revenues for the Corporation.

Infrequent revision of rateable value of properties could be attributed to the staff indulging in what may broadly be called as corrupt practices. The technique which is adopted by the staff for making money is as follows: Members of the staff during field visits go to the houses and find out whether a property has been let out or whether the ownership, etc., has changed hands. In case a new tenant has taken over or the rent has been enhanced, the rateable value of the house has to be increased. If they find an owner who is amenable to playing the game, they do not submit any proposal in respect of the property for revising the rateable value. This favour is shown to the landlord only for some consideration. Thus when there is no proposal for increasing the rateable value there is nothing on the record to show that the house is fetching more rent than what it has been previously assessed for and as such the Corporation remains completely ignorant about the taxes which are newly leviable in that particular house. This connivance between the staff and the unscrupulous owners of property appears to be widespread and there is very little that the senior officers of Corporation can do to eliminate these practices because it is physically impossible for them to satisfy themselves about changes occurring in each property.

The Morarka Commission has commented on the existing state of affairs (vide Para 4.22 of the report) as follows:

“Section 127 of the Delhi Municipal Corporation Act, 1957, provides that it shall be in the discretion of the Commissioner to prepare for the whole or part of Delhi a new assessment list every year. Past experience has

shown that while in some areas assessment has been revised, no methodical and systematic revision of assessment has been undertaken in a large number of areas. The Commission consider this position to be hardly satisfactory and recommend that the provisions of the law should be suitably modified so as to provide for a periodical review of the assessment list in the entire Corporation area. For this purpose we suggest that the Corporation area may be divided into five zones and the assessment of each zone should be taken up and completed in one year so that during each period of five years the entire area would be covered. Besides, the revision of assessment in respect of those properties which may have attained higher rental value due to additions and alterations or due to changes in tenancy should be a continuous process."

It would not be enough if assessment is carried out in every zone at least once in five years. In addition to door to door checking, the record of inspection and the proposals to change or not to change rateable value in respect of individual properties is necessary. Recorded reasons for not proposing changes in rateable value would help in fixing responsibility for indifference to proper performance of duties.

There is no doubt that more frequent revision of rateable values of properties would yield substantial revenues to the Corporation. It has been suggested by some that the revenues of the Corporation would improve considerably if the assessment of properties was not subject to the provisions of the Rent Control Act. At best, this argument would be true only in respect of some properties. There are two broad categories of properties in Delhi. Old properties where the rents have been traditionally low, and new properties, which at least for a period of five years, are free from the provisions of the Rent Control Act. In respect of this latter category of properties, unless there is a case before the Court within the first two years of the occupation of the house, the first rent charged becomes the standard rent of the property even under the Rent Control Act. As the number of citizens who go to the Courts for getting their rents reduced is not very large, there is no reason why the Corporation's finances should be adversely affected as a result of the

provisions of the Rent Control Act.

However, insofar as old properties are concerned, where the rents have been traditionally low and where the services to be provided by the Corporation are expensive, the property taxes are certainly low and the Corporation, as a result of Section 116 of the Act, and in view of the Rent Control Act, cannot derive much income from these properties. In view of this, unless the very basis of the determination of rateable values is changed from rental to capital basis, the assessment in respect of old properties cannot be increased. Whether capital value base will be a sound and stable base is a question which is too wide for the purposes of this study.

FOUR

Collection of Property Taxes

Assessment is one of the twin duties of the Assessment and Collection Department of the Delhi Municipal Corporation. Assessment by itself does not serve any useful purpose unless the taxes which are levied are also promptly collected. A study of the demand, collection and arrears of the general property tax in Delhi Municipal Corporation for the years 1958-59 to 1966-67 was made by the Morarka Commission* and the information collected by them is reproduced in table 4.1.

The above Commission commented that the tax collection in Delhi has been very low ranging between 27 and 51 per cent. The low rate of collection prompted us to study the exact procedures for billing and the methods of recovery so as to pinpoint the procedural deficiencies. According to the existing procedure, an intimation in triplicate is to be prepared after rateable value of properties has been decided by the Investigating Officers. These copies are meant for entries in the assessment list, and the demand and collection register. The objection Register is also required to be signed by the investigating officer on the same date on which the rateable value has been decided.

After the assessment list has been authenticated, by 1st of April, bills are issued to property owners. For the purpose of prompt recovery of property taxes, one of the essential requirement is expeditious closing of accounts at the end of 31st of March every year and billing as early as possible in the beginning of the next financial year. With this end in view,

*The Commission of Inquiry into the Finances of the Municipal Corporation of Delhi and the New Delhi Municipal Committee, Ministry of Home Affairs, Government of India.

TABLE 4.1 DEMAND, COLLECTION AND ARREARS OF PROPERTY TAX IN DELHI MUNICIPAL CORPORATION
FOR THE YEARS 1958-59 TO 1966-67*

Sl. No.	Years	Arrears	Current Demand	Total Demand	Total Collection†	Arrears	(Rs. in Lakhs)	
							Total Collections as percentage of Total Demand	Total Collections as percentage of Total Demand
1.	1958-59	61.46	117.15	178.61	71.7	106.91	42.49	42.49
2.	1959-60	106.91	118.46	225.37	98.01	127.36	43.48	43.48
3.	1960-61	127.36	245.13	372.49	103.06	269.43	27.67	27.67
4.	1961-62	269.43	128.15	397.58	202.38	195.20	50.91	50.91
5.	1962-63	195.20	158.81	354.01	126.24	227.77	35.69	35.69
6.	1963-64	227.77	224.73	452.50	162.99	289.51	36.02	36.02
7.	1964-65	289.51	301.29	590.50	257.19	333.61	43.53	43.53
8.	1965-66	333.61	279.36	612.97	316.53	296.44	51.63	51.63
9.	1966-67	296.44	272.62	569.06	282.21	286.85	49.51	49.51

*Source : Interim Report, *op. cit.*, p. 23.

†The figures in this column include collections for both current demand and arrears. Separate account showing the recovery of arrears has not been maintained by the Corporation.

mechanisation of billing and accounting of property taxes was introduced in five zones of the department. This has considerably helped in expeditious despatch of bills. This automatic data processing system covers nearly half the number of properties in the city. The results were encouraging and the department collected a substantial amount of taxes in the early part of 1967-68. If all the zones go in for the new system it would facilitate prompt despatch of bills.

In spite of mechanisation, the billing still suffers from many deficiencies because of lack of proper coordination between the field offices and the Headquarters. For example, a citizen who has secured a reduction in his rateable value, may still be receiving bills at the old rateable value on account of non-receipt of the requisite information by the A.D.P. unit located at the Headquarters.

It is necessary to examine some details about the despatch of bills, the receipt of payment or the subsequent service of demand notice. Out of our sample of 450 citizens, 410 citizens were served bills in 1966-67 and 384 in 1967-68.

We may now analyse the time taken by 220 out of 410 respondents for the year 1966-67 and 181 out of 384 for the year 1967-68 on whom demand notices were not served.

TABLE 4.2 TIME TAKEN FOR PAYMENT AFTER THE BILL
WAS SENT

<i>Time Taken</i>	<i>1966-67</i>	<i>Per- centage</i>	<i>1967-68</i>	<i>Per- centage</i>
Number of cases where payment has been made within 15 days of the receipt of the bill	91	42.0	72	40.0
Number of cases where payment has been made after 15 days of the receipt of the Bill but before the service of the demand notice	123	55.5	92	51.0
No information	6	2.5	17	9.0
Total	220	100.0	181	100.0

Demand notices have to be despatched immediately after 15 days of serving the bills. However this procedure is not followed, and notices are sent any where after two or three months of the despatch of bills. Some of the citizens take advantage of this practice and delay payment. Many property-owners regard postponement of tax-payments as an inexpensive loan from the Government. We find that 55 per cent of the 220 people during 1966-67 and 51 per cent of the 181 people in 1967-68 made payments sometime between more than 15 days and 3 months but before the despatch of the demand notices.

A further analysis of cases (Table 4.3) where demand notices were served on the citizens shows that in 1966-67, 190 people and in 1967-68, 203 people had to be served with demand notices.

TABLE 4.3 TIME TAKEN FOR PAYMENT AFTER THE
DESPATCH OF DEMAND NOTICES

<i>Time Taken</i>	<i>1966-67</i>	<i>Percen- tage</i>	<i>1967-68</i>	<i>Percen- tage</i>
Number of cases where payment has been made in a month on receipt of demand notice	20	10.5	27	13.5
One to two months	46	24.0	33	16.0
Three to four months	34	18.0	29	14.0
Five to eight months	25	13.0	20	10.0
Eight months and above	34	18.0	10	4.5
Not paid (at the time of survey)	31	16.5	84	42.0
	190	100.0	203	100.0

It will be seen that there was undue delay in the collection of taxes even after serving demand notices. The case studies that we have carried out in respect of 124 cases pertaining to 1966-67 and 143 cases in 1967-68 show that in all these cases there was no dispute about the assessment which could have led to this delay. This being so we fail to understand as to why the Corporation machinery did not swing into action for the

recovery of these taxes. In view of the inordinate delay in respect of such a substantial number of citizens, we think that it will not be enough merely to streamline the procedure for the preparation and despatch of bills but the procedure for the collection will also have to be overhauled. At the present moment, the Zonal Offices are also collection centres and yet, the individual Section Inspector or the A.Z.I. or Z.I. is not specifically responsible for collections in their respective areas.

It would be worthwhile to introduce some kind of an incentive scheme both for the citizens and for the Corporation staff. If the citizens made the payment within 15 days of the receipt of the bills, they should be given some rebate. At present the penalty of Rs. 5 for non-payment within 15 days of the issue of the bill, is, in our view, not deterrent enough. Probably if the penalty is increased the collection might improve. Similarly, the Section Inspectors should be encouraged to take follow-up action in cases where the payment has not been received and in case the recovery in their respective areas is substantially above the recovery of the entire zone or of the entire Corporation, then, the Section Inspectors of such areas should be given not only commendation certificates but also incentives in the shape of cash rewards.

Here, we would like to mention that in some of the other Corporations, the Section Inspectors are encouraged to collect the taxes personally. It is true that in the absence of healthy traditions, this practice may be potentially dangerous as some of the Section Inspectors may misappropriate the money collected from the citizens. However, if the Corporation could ensure high morale in their staff, by investing them with such responsibilities, it would be worthwhile to allow the Section Inspectors to make collections from door to door in some of the selected localities on a trial basis. Unless specific responsibility for collection is entrusted to some of the staff members, the percentage of collection will continue to remain low. The Corporation should take some risk in initiating new methods of collection. The bill clerks should also take more interest in the recovery of dues. They must make a list of cases where bills/ notices warrants have not been issued and should give, against each item, the reasons for not issuing them. This procedure would facilitate recovery of dues as well as liquidation of arrears.

The cases for the year 1966-67 and 1967-68, show that the bills were sent late and the demand notices were despatched as late as in March of the financial year concerned whereas they should have been sent latest by October. In view of this late despatch of bills and demand notices, there is hardly any scope for recovery of property taxes within the financial year concerned. As such, we can only re-emphasise the recommendation of the Morarka Commission that all the bills should be despatched by 30th of June of the financial year concerned at the latest.

The procedure for the issue of demand notices also needs to be re-examined as it entails considerable duplication of work. The despatch of bills and notices at separate times means that the staff has to check every record, and every case over and over again. This leads to inevitable delays and the citizens also wait for the demand notice before they send in their payment. As suggested by the Morarka Commission, the law for the issue of demand notices should be amended so as to enable the Corporation to issue bills as well as of demand notices simultaneously. If this is done, the office staff will be relieved of a substantial portion of their routine work, and they could be diverted towards making efforts for collection in their respective areas as suggested in the preceding paragraph.

Special Cell for Recovery of Arrears

A special cell for the recovery of arrears (hereinafter referred as Special Cell) was set up in 1966 in view of the mounting arrears of property taxes. As already pointed out, the collection of property taxes in Delhi has been far below that of other Corporations in India. Its best effort was when it recovered about 53 per cent of the total demand during 1967-68. At that time the property tax was estimated at Rs. 700.82 lakhs, and the actual amount collected was Rs. 371.24 lakhs. A balance of Rs. 329.58 lakhs is a substantial amount which, if collected, would have certainly enabled the Corporation to provide better facilities and services to the Delhi citizens. Over the years, the arrears have been mounting.

The establishment of the Special Cell in 1966 was intended to help the Corporation in recovering its arrears of property tax. Additional staff was sanctioned and special

incentives for them have been provided for in the budgets of the Corporation. For instance, in the budget estimates for 1968-69, provision was made for the appointment of one Superintendent, 4 Zonal Inspectors, one General Attorney, 8 Assistant Zonal Inspectors, 13 U.D.Cs., 25 Section Inspectors, and some clerical and subordinate staff. The above functionaries were allowed a special pay of 20 per cent in addition to their normal salaries. This Unit was established only three years ago and hence, it is too early to assess its performance, but during the course of our survey, we did make an effort to find out, as to, how far the establishment of the Special Cell has helped the Corporation.

When does the Special Cell come into action? What procedures does it adopt to realise payment? How much time does the special cell take for the realisation of taxes in respect of cases referred to it? These are some of the questions we studied during the course of our survey. As the name suggests, only arrear cases are referred to this cell. These are cases pertaining to those property-owners who fail to make the payment before the end of the financial year. Such cases become arrear cases, and therefore cease to be the responsibility of the zones and are transferred to the Special Cell for further action.

After the file is referred to the Special Cell, the normal practice is to issue a courtesy-cum-warning letter to the property owner and then to wait for one or two weeks to see the citizens' reactions. In case there is no response, a final warning letter is issued and again the staff waits for another one or two weeks. The Inspectors are also expected in the meanwhile to personally contact the citizens and to remind them of their liability. If and when the officers of the Special Cell visit the property owners' residence, an additional penalty of Rs. 10 is levied as charges for such a visit. The officers, in the course of this visit, are also empowered to collect the property taxes on the spot if the citizens are prepared to pay. If, in spite of all these efforts, the recovery is not effected, then, the alternative is to issue and execute distress warrants.

To the best of our knowledge, there are very few cases in which distress warrants have been issued and executed. May be the threat of the distress warrant itself is enough of a warning to the citizen for making the necessary payment. We may,

however, state that the procedure followed by the Special Cell is not far different from the general pattern of issue of notices, reminders and threats of penal action.

We may now consider the number of cases which were referred to the Special Cell during the years 1966-67 and 1967-68 and estimate the speed with which the recovery was affected in these cases. It may be mentioned that our data is based only on a study of the South Zone files which were referred to the Special Cell. It was extremely difficult to get files pertaining to other Zones. Hence, we had to abandon the study of cases in respect of Karol Bagh and Civil Lines Zones.

The total South Zone sample consisted of 150 properties and in respect of 130 of these properties, demand notices were issued by the Corporation as the payment had not been made after the service of the bills. Of these 130 cases, 64 pertained to the year 1966-67 and 66 for the year 1967-68. After the service of demand notices payment was received in respect of some properties and ultimately 34 cases for the year 1966-67 and 42 cases for the year 1967-68 were referred to the Special Cell for recovery of property-tax which had become arrears. We were able to get files pertaining to 25 properties for each one of these years. We had thus only 50 files for evaluating the effectiveness of the special cell. The table 4.4 shows the time interval between the date of issue of demand notice and the date on which action by the Special Cell for the recovery of arrears was initiated.

The table 4.5 shows the time interval between initiation of action by the Special Cell and the date of actual payment.

The tables 4.4 and 4.5 are self-explanatory and they give an idea of the actual performance of the Special Cell. From table 4.5 it is evident that the Special Cell has not been able to recover the arrears expeditiously. Only in about 4 cases in the year 1966-67 and 6 cases in 1967-68 it was able to recover the dues within 15 days. But in the remaining cases it has taken anywhere from 15 days to more than a year. The shortness of the time and the small sample that we were able to study would not warrant any conclusive judgment about the effectiveness and performance of the Special Cell. However, it is necessary to discuss some administrative implications of the

TABLE 4.4 TIME INTERVAL BETWEEN DATE OF DEMAND
NOTICE AND DATE OF S.C.R.A. ACTION

<i>Time Interval</i>	<i>1966-67</i>	<i>1967-68</i>
One month	15	—
Two months	6	2
Three months	2	—
Four months	1	3
Five months	1	4
Six months	—	1
Seven months	—	5
Eight months	—	4
Nine months	—	6
	<hr/> 25	<hr/> 25

TABLE 4.5 TIME INTERVAL BETWEEN DATE OF S.C.R.A.
ACTION AND DATE OF PAYMENT

<i>Time Interval</i>	<i>1966-67</i>	<i>1967-68</i>
Less than 15 days	4	6
15—30 days	4	3
31—60 days	—	3
61—90 days	—	—
4 months	3	5
5 months	1	—
8 months	1	—
12 months	1	—
More than a year	2	—
*Unnecessary cases	5	1
Disputed cases	4	—
Not paid yet	—	7
	<hr/> 25	<hr/> 25

*There was no need to take up these cases by the Special Cell as the payment had already been made by the property owners.

establishment of this Cell.

The setting up of this Special Cell appears to have resulted in reducing the sense of responsibility of the Zonal offices to collect the taxes. The tendency for the Zonal offices seems to be to shift the unpleasant task of recovering taxes to the Special Cell. Since only arrear cases can be referred to the Special Cell at the end of the financial year, the Zones at present make no serious effort to discharge their responsibility of collecting the taxes but transfer the cases to the Special Cell at the end of the financial year. Much precious time is wasted due to this practice and consequently collection figures remain low. In our informal discussions with the Assistant Assessors and Collectors in different Zones we found that they too were of the same opinion. They were not very happy with the establishment of the Special Cell, which in their opinion, will over a period of time, become an office with a vested interest. Since there is monetary incentive only for the people working in the Special Cell, the zonal officers tend to relax their efforts to collect the taxes due to the Corporation.

The percentage of cases being referred to this special cell has been mounting over the last two years and in 1968, it was estimated that something like 1.5 lakhs cases were pending in the Special Cell. The total number of properties which are assessed in Delhi are estimated to be 2.5 lakhs. This would mean that more than 50 per cent of the cases have been referred to the cell. If the number of cases keep on mounting at current pace, the Special Cell would be overwhelmed and it would cease to be a Special Cell.

If the Special Cell is to function effectively two alternatives could be suggested. In order to avoid duplication of work the Zonal Offices could refer the files to the Special Cell immediately after the expiry of the due date mentioned in the Demand Notice. This procedure would not only ensure an even spread of work but also would result in the steady flow of revenues to the Corporation. Alternately, only complicated case or cases where substantial amount of money is involved should be referred to the Special Cell instead of all cases where payment is not received from the citizen as is the practice at present.

The functions of the Special Cell have to be clearly

defined and the type of cases which have to be referred to this Cell should be clearly demarcated, so that the responsibility between the Zones and the Special Cell would be clear in this respect and there would be no duplication of functions. Unless the Special Cell nets in a substantial amount of money for the Corporation, the *raison d'être* for its continuance disappears. It has already led to a great deal of heart-burning amongst the staff of the Zonal offices who are not entitled to the 20 per cent special pay. In order to function effectively, the Special Cell will have to launch a vigorous and concerted effort to achieve better results.

Reflections

Dodging the tax collector is as old as organised society itself. Any revenue raising department in India or anywhere else in the world is invariably faced with numerous problems and the Assessment and Collection Department of the Delhi Municipal Corporation is no exception. The foregoing chapters have dealt in detail with some acute problems of detection and inspection of properties as well as problems of assessment and collection of property tax in Delhi. In this chapter an attempt is made to reflect upon our finding as well as to recapitulate some important suggestions made in the earlier chapters.

Revenue Administration has to function differently from service or regulatory administration. Its approach and methods of work should be characterised by a determination to make full use of powers, with firmness and even probably with exhibition of a certain degree of ruthlessness to make itself felt as Government at its level. This is a general observation for consideration by all who, in a democracy, are likely to be swayed more by political considerations than administrative efficiency or integrity.

At present, the Department is content to send reminders and wait for the citizens to make the payment. This kind of approach is not likely to yield results especially in 'hard-core' cases. There is a strange reluctance on the part of Departmental officers to take punitive and coercive steps for securing payment although the Department is armed with wide powers under law. Except on strictly humanitarian grounds, where realisation of tax amounts can be deferred, the Department must in other cases exercise its powers firmly to realise its dues. There is

already an impression that the Department does not do much if the payment is not made in time. Such an impression has to be dispelled. While a defaulter in payment of electricity and water bills can be dealt with promptly by disconnecting his water and electric connections, no such action appears to be possible in case of a defaulter in the payment of house-tax. The Special Cell set up for recovery of arrears also does not come into action immediately and its methods also are unfortunately not far different from the usual methods of the Department.

Assessment of properties are always open to the risk of interference by the Corporators. We were informed that in a few zones, the Councillors sit along with the Investigating Officers at the time of disposal of objections, pertaining to localities from which they have been elected. If this is true, it is a very unhealthy practice and needs to be remedied by the political parties through some healthy conventions.

The assessment of properties on a fair and equitable basis in a city like Delhi, where no two properties are alike, is not easy. It needs personnel, specially trained in understanding and application of the basic principles of evaluating buildings for what they are worth. At the moment, the lower level staff of the Assessment Department suffers from the general malaise of the clerical staff who have no commitment either to the policies or the achievements of the Department. These employees are there by virtue of being generally the employees of the Corporation. Their commitment to the efficient functioning of the Assessment and Collection Department is negligible because of their periodic transfers as generalist administrators. What the Assessment Department needs more than anything else is a set of qualified personnel who know well the principles of assessment and can apply them systematically. Knowing the principles alone would not be enough. They should also be encouraged to stay in the Department to acquire insight and experience in their application.

The most important problem mentioned by the officials of the Department during our discussions with them was that of the untrained staff. They found it extremely difficult to train the staff and to retain them for any length of time as there were various rules and regulations which stood in the way of development and retention of individuals for specific

departments of the Corporation. All the recruitment at the initial level is undertaken by the Central Establishment Section and thereafter, people are also posted and transferred by the Central Establishment Section, over which the Assessor and Collector has no control. This practice has an adverse effect on the discipline and morale of the staff because neither their immediate superiors nor the Head of the Department could allocate the work to them in accordance with the needs of the department. The Assessor and Collector commended the prevailing system in other Corporations, wherein people after initial recruitment are divided for being earmarked for different units of the Corporation. Up to a salary of Rs. 250 per month they remain in the same Department and only after they have reached this particular salary, they take up the competitive examination which is held by the Municipal Service Commission and are allocated to different cadres thereafter. We suggest that an experiment on these lines should be tried in Delhi Corporation.

In the Bombay Corporation the non-technical staff is divided into 6 administrative units which are almost watertight compartments and a person initially employed in one of the units is entitled to service/promotion, etc., only in that unit. There is no general seniority amongst the entire body of employees of that Corporation. Selection at the lowest level is made by the Commissioner's office and an approved list is kept ready. Any department intending to fill up a vacancy takes up the next available candidate on the list and when so taken, he is permanently attached to that unit. Thereafter his entire service record and other establishment matters including promotion, etc., rest with that unit. Only at the time of filling up the top posts such as those of the Heads of departments, there might be a selection from the different top-level officers; otherwise up to that level all promotions are strictly from within the officers of that unit.

At present, the Delhi Corporation's broad policy envisages that no person should be in a particular department for more than three years and no person should be in one zone for more than five years. A person who is posted in a particular zone may be transferred to a different department in that zone within a period of five years. There is thus no continuity of staff even

at the level of the Assistant Assessor and Collector, Zonal Inspector and Assistant Zonal Inspector.

Thus different personnel practices prevail in different parts of the country in respect of urban administration. There appears to be a need for a special study of personnel systems at least among the major municipal corporations in the country with a view to evolve suitable personnel policies for municipal service. To achieve this may take a long time. In the meanwhile, the Delhi Corporation could adopt a personnel policy suitable to an inculcation of commitment in the objectives of the organisation among the department personnel. The minimal level commitment of a generalist clerical staff liable to transfers from one department to another is the desideratum of the present state of municipal corporation personnel in Delhi. This deficiency needs to be remedied.

The Section Inspector emerges to be the king pin of department. His character, calibre and training would play a major role in ensuring a satisfactory performance of duties in the assessment and collection of taxes. These duties could be best performed by those who have knowledge refined by experience in the techniques of evaluating the buildings for purposes of assessment. Those who have no previous experience should be suitably trained for the specialised type of work which is expected of them. If the Section Inspectors, posted in the Assessment Department of the Corporation are allowed to stay there for at least a period of five to ten years, and if they are exposed to refresher courses in tax administration they would be able to acquire fresh knowledge and accumulate sufficient experience for a more satisfactory discharge of their duties. The interests of the employees as well as of the Corporation demand intensive training and infrequent transfers of the subordinate staff. The present phenomenon of generalist administrators that come and go casually from one department to another should be modified as early as possible.

Many changes have been introduced in the recent past. Some of them may not have produced the desired result. Nevertheless, the efforts of the Department to introduce automation which will certainly facilitate better working of the Department, once the intricacies have been mastered and when all the Zonal Offices have been brought under the discipline of

a mechanised system would, we hope, compel the Corporation to pursue the logic of efficiency implicit in the new system. Building up of a new system is never an easy proposition and this is all the more difficult in a society where automation or even rationalizations are looked upon as sources of unemployment for people. It needs to be pointed out, however, that in the absence of automatic data processing system, the work becomes unmanageable. And this is all the more true of a city like Delhi which has been expanding in all directions and which will need more and more machines to facilitate a systematic management of the growing volume of complex work. Record-keeping at present in the Department is very much outdated and hampers smooth and efficient functioning. Revised Rateable Values are not transferred to the Demand and Collection Register and bills continue to be despatched on the basis of old rateable values. Intimation of change of addresses and mutation applications are not promptly attended to and this leads to considerable confusion. Sometimes, demand notices are served on the property owners who have already paid their bills. These cases occur because, as soon as payment is received, the relevant registers are not posted. The officials have often not been able to tally the amount of demand with the actual amount of collection. We feel that there is an urgent need to streamline the existing record-keeping systems which would facilitate greatly the functioning of the Department. The assessment files and the files with the Special Cell are in a tattered condition and it is essential that they be kept in proper file covers.

Even though the Department is making many efforts to improve, we would like to emphasise the necessity of further innovations. One such innovation can be in the direction of preparing tabulated information cards in respect of individual properties. The working of the department would certainly improve if the existing arrangement of record-keeping was replaced by a more orderly information-storage and information retrieval system. Only proper record-keeping and systematic building up of the information can help the Corporation in increasing its revenues. If it is not possible for the Corporation to prepare individual property cards, then some kind of a record book relating to property in which all the details of ownership of the plot, date of construction of the house, date

of completion certificate, the number of rooms and all the relevant details of amenities should be entered. A copy of the tax record, in the form of a pass book of one's property should be in the permanent possession of the citizens concerned, and the taxes as and when assessed and levied, should be transferred to this book. The citizens may invariably be required to hand over to the new owners of the property if and when the property changes hands. Such a systematic record building will be of great benefit to the Corporation as well as the citizens.

There would be considerable improvement in the Assessment and Collection Department if proper attention is given to

1. training of staff in the method of assessment,
2. selection of supervisors on the basis of departmental tests, and
3. continuance of the staff trained for the purpose in the same department without frequent and needless transfers.

Besides these we have suggested improvements in the existing procedures of detection and inspection, preparation and despatch of bills, new methods of tax record to be kept in the department as well as by the citizens and finally about the functioning of the special cell. Implementation of these suggestions, after a discussion and scrutiny of their desirability as well as feasibility may generate a climate of change and perpetuate a spirit of innovation for effecting improvements from inside the organisation.

Besides improvements in a single department, an efficient function of the local government system demands a continuous effort to achieving better coordination among the allied departments of the Corporation. For example, we have pointed out in another study on the Building Department of the Delhi Municipal Corporation that there is an urgent need for close coordination at the Zonal level between the Building and Assessment Departments of the Corporation. Even though they are located in the same building, they are as indifferently coordinated as if they were located miles away from each other. Physical proximity does not seem to enable us to get over departmental distance. If there could be better coordination between the two departments, the revenues of the Corporation

would not be in such a poor state as they are at present. The Building Department's function is to know what is being constructed, where and with whose permission. The Assessment Department's function is to find out as to who is living in whose property and paying what rent and also to report the changes taking place in individual properties, which would lead to a revision of assessments. There can be no doubt that close coordination between the two Departments will certainly improve the financial position of the Corporation. This is one direction in which action could be initiated at the higher levels.

The Zonal Area Commissioners who are supposed to coordinate the functions of the various Departments of their Zones do not have much to do with the Assessment Department of the Corporation. We think that the Zonal Assistant Commissioners could be more closely associated with the working of the Assessment Department of their respective zones and they could be the focal points for coordination.

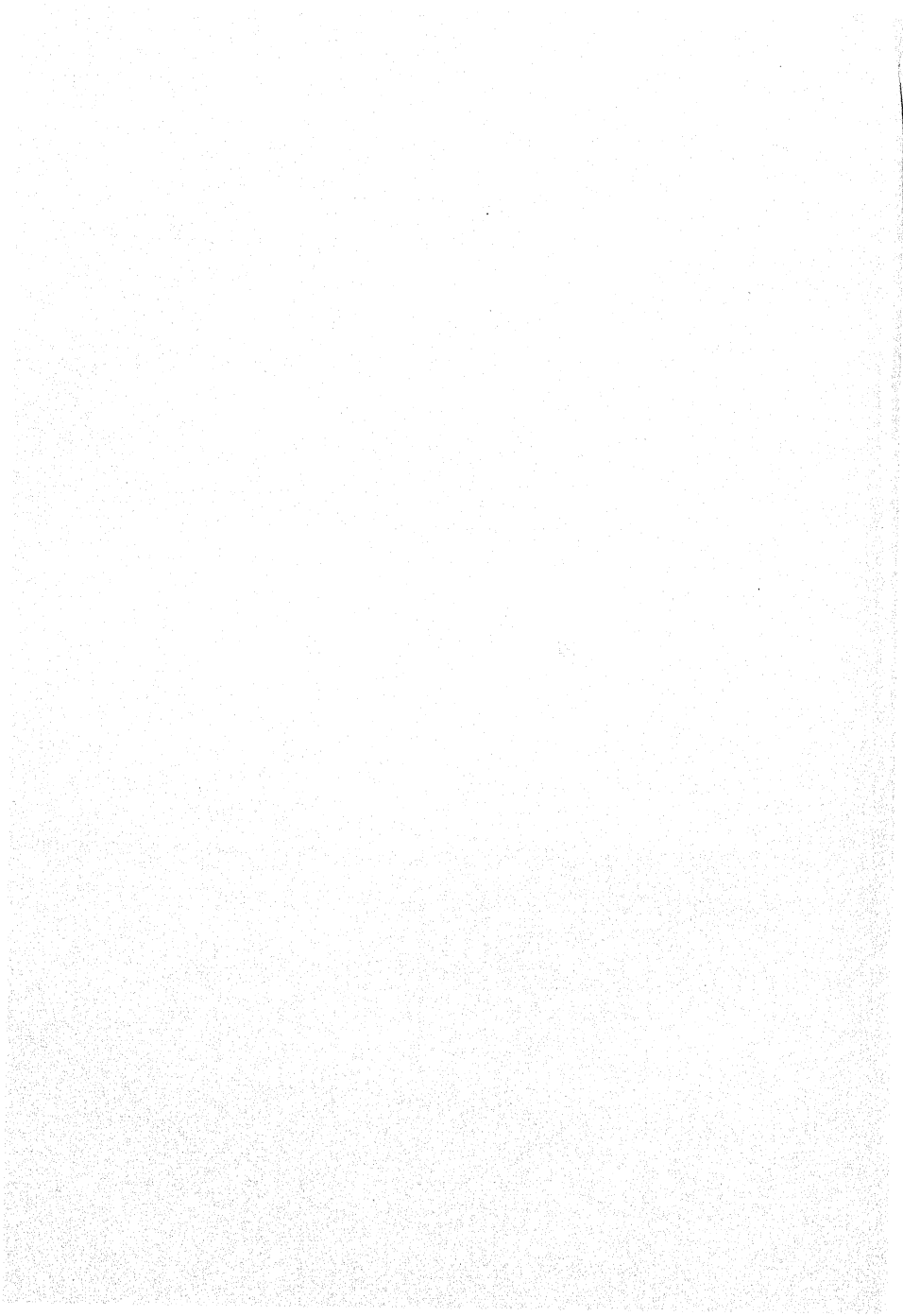
The personnel of the department, both by *ad hoc* and on the job training programmes, should be made to share the goals of the organisation and function effectively in their respective areas of action. This is a continuous process relevant to all levels of government but it is much more needed in urban local Government.

Apart from effecting improvements in the procedures and among the personnel of the Department or in inter-departmental coordination within the Corporation, we may also refer, *en passe*, to the need for establishing a Central Valuation Board free from the control of the Corporation. Under the existing system, it is not possible for the Assessment and Collection Department to ignore outside pressures in their day-to-day work from the Councillors and others who have some control over the postings, transfers and promotions of the officials. In the absence of an independent Board, it is not possible to be objective in all the cases all the time especially in such crucial areas of valuation of properties and determination of rateable values. A separate statutory autonomous Board may produce greater satisfaction in these matters. Such satisfaction may, over a period of time, promote better relations between citizens and the municipal bureaucracy.

These are a few reflections based upon our study and

observation. Possibly the Departmental officials, the Councillors and the citizens may have many more suggestions for improving the work of the Department. It is the business of any lively growing organisation to keep its eyes, ears and arms open to collect suggestions and effect improvements. In that process, we hope, this study may stimulate many minds to react and respond to the challenges thrown both to the citizens and the municipal bureaucracy by the emerging phenomenon, namely, urban explosion.

ANNEXURES



DUTIES OF ZONAL BRANCHES OF ASSESSMENT AND COLLECTION DEPARTMENT

Zonal Inspectors' Branch

The Zonal Inspectors' Branch consists of the Zonal Inspector, Assistant Zonal Inspectors (both indoor and outdoor), Section Inspectors and Clerks attached to the Assistant Zonal Inspector (Indoor). They are entrusted with the following duties:

1. Inspection of Properties for checking as well as for reporting cases under Section 126 of the Act.
2. Inspection of vehicles and animals (especially the buffaloes, cows for milking). Preparation of the Survey Register and fixing the demand on this account.
3. Recovery of taxes through execution of distress warrants on attachment of rent under Section 162.
4. Preparation and Maintenance of the Assessment List and investigation of objections and finalising the rateable values or assessments, attending to cases of appeals over the decisions of the Investigating Officers.

These duties are done strictly under the supervision of the A.A.&C. concerned.

Accounts Branch

The Accounts Branch of the Assessment and Collection Department at the Zonal Offices consists of a Zonal Accountant and checkers. These checkers are responsible to the Zonal

Accountant and the Zonal Accountant is working under the supervision of the Head Clerk/Taxes and is responsible to him. The duties assigned for the Zonal Accountant and the Checkers are :

1. To consolidate on the same day the accounts of all taxes from the day-book form received from the checkers duly verified to tally the accounts with those with the cashier.
2. To forward on the same day the abstract form duly verified to the Headquarters Office Chief Accountant and retaining a copy in the Zone latest before opening of the next working day.
3. To maintain classified abstract.
4. To tally the accounts before the 5th of every month with Headquarters and Quarterly with bill clerks.
5. To maintain a Zonal Register showing the consolidated abstract of every year tax-wise duly signed by the Zonal Officer.
6. To maintain the postage and revenue stamp account and the recoupment thereof.
7. To prepare a bi-monthly abstract showing the demand and collection and balance of water charges in a separate Register.
8. To supervise the work of the checkers.
9. To countersign all the changes in the Demand and Collection Register.

The Duties of the Checker

1. To check the arrears and excess brought forward from previous year's Demand and Collection Register.
2. To check the current demand whether it is correctly copied or not from the assessment list.
3. To check any changes in the Demand and Collection Register during the year.
4. To check the bills, notices and warrants after they have been prepared by bill clerks.
5. Checking of coupons receipts with day-book forms and posting in Demand and Collection Register on the same day.

6. To certify at the beginning of the year that he had checked all the entries carried forward from the previous register.
7. To check the readings of the meter diaries, calculations postings made by the bill clerks in the Demand and Collection Register of water charges.

PAY SCALES AND SANCTIONED STAFF OF THE ASSESSMENT AND COLLECTION DEPARTMENT

The Deputy Assessors and Collectors are in the grade of Rs. 700-1250 whereas the Assistant Assessors and Collectors are in Rs. 350-900 grade. These officers belong to the generalist cadre. The staff positions of the Assessment and Collection Department for the year 1968-69 is given in the following statement :

MUNICIPAL CORPORATION OF DELHI (OFFICE OF THE ASSESSOR AND COLLECTOR)

STAFF POSITION OF THE ASSESSMENT AND COLLECTION DEPARTMENT (PROPERTY TAXES) FOR 1968-69

<i>Sl. No.</i>	<i>Desg.</i>	<i>Strength</i>	<i>Zones</i>	<i>SCRA</i>	<i>HQ.</i>	<i>Grade</i>
1.	Z. Is.	14	8	4	2	210-10-290-15-320-EB-15-380 plus Rs. 60/- as M.C.A. or Rs. 30/- per month C.A.
2.	H Cs.	8	8	—	—	210-10-290-15-320-EB-15-380.
3.	Sr. Steno	1	—	—	1	210-10-290-15-390-EB - 15—450-EB-20-530.

<i>Sl. No.</i>	<i>Desg.</i>	<i>Strength</i>	<i>Zones</i>	<i>SCRA</i>	<i>HQ.</i>	<i>Grade</i>
4.	Jr. Steno	4	—	3	1	130-5-160-8-200-EB-8-256-EB-8/280-10-300. H.C.A. or Rs. 20/- C.A.
5.	A.Z. Is.	24	12	9	3	130-5-160-8-200-EB-8-256-EB-8/280-10-300 plus Rs. 60.
6.	U.D.Cs.	38	14	7	17	130-5-160-8-200-EB-8-256-EB-8-280-10-300.
7.	S.Is.	106	65	36	5	110-3-131-4-155-EB-4-175-5-180 plus Rs. 25/- p.m.
8.	L.D.Cs. including steno-typists	137	106	5	26	110-3-131-4-155-EB-4-175-5-180
9.	Steno-typists	2	—	2	—	110-3-131-4-155-EB-4-175-5-180 plus Rs. 20/- special pay.
10.	Key Punch Operator	4	—	—	4	110-3-131-4-155-EB-4-175-5-180-plus 15/- p.m.

<i>Sl. No.</i>	<i>Desg.</i>	<i>Strength</i>	<i>Zones</i>	<i>SCRA</i>	<i>HQ.</i>	<i>Grade</i>
11.	Driver	1	—	1	—	110-3-123-EB - 3-131-4-155
12.	Peon-cum- Orderly	2	—	—	2	75 -1-85-EB-2- 95
13.	Sweeper	1	—	—	1	70-1-80-EB-1- 85

QUESTIONNAIRE

(ASSESSMENT DEPARTMENT CASE STUDY)

1. Name of the Zone
2. Location of Property
3. Owner's name and address
4. Accommodation at the time of first assessment :

*Ground First Barasathi
Floor Floor Floor*

- (a) No. of drawing rooms
- (b) No. of bed-rooms
- (c) No. of bath-rooms
- (d) No. of kitchens,
Verandah,
Store
- (e) No. of Lavatories.
4. (a) Rented portion, if any.
5. When was the building constructed?
6. Any intimation of C.C.? If so, date of issue.
7. When was the property first inspected by the Assessment Department Staff? Who initiated the proposed assessment?
8. Was there any field inspection by the A.Z.I./Z.I./A.A.&C. before the notice was sent?

9. What was the proposed rateable value ?
10. From which date was the first assessment to take effect?
11. Was the Property:
 - (a) Owner-occupied
 - (b) Partially rented and partially owner-occupied
 - (c) Wholly rented
 - (d) Shop portions, if any
 - (e) New construction and vacant
12. What was the proposed assessment and when was this intimated to the citizen?
13. How much time was he given to file the objection?
14. Was the objection filed in due time? If not, was it filed after the due date, and time? Any reasons for the delay given by the citizen in filing objections?
15. Was it necessary for the Department to send any reminders to the citizen requiring his presence for the disposal of objections? If so, how many notices, and at what intervals?
16. Was the citizen given any date and time for the disposal of his objection?
17. Did the citizen appear at the proposed time ?
18. Any evidence of field inspection pursuant to the

receipt of objection from the citizen?

19. Who carried out this inspection?
20. Please give details of objections received from the house-owner and findings of the A.A. & C., if any.

*Objections of Finding of the
the house- A.A. & C.
owner*

21. What was the basis of assessment?
 - (a) Production of rent-receipt
 - (b) Rent certificate from the tenant
 - (c) Owner-occupied
 - (d) Any other basis
22. When was the objection finally disposed off?
23. What was the amount for which the property was finally assessed?

COLLECTION

1. When was the bill sent to the citizen?
2. What was the last date for payment?
3. Was the payment made in time?
4. If not, was a reminder sent?
5. If a reminder was sent, after how much time?
6. When was the payment finally received by the Corporation?
7. If no payment was received, was any action taken

- by the Corporation?
8. What was the nature of the action?
 9. What was the result?
 10. Are there still any outstanding dues?

PERIODICAL REVISION OF ASSESSMENT

1. Was there any subsequent revision of the property?
 - (a) Yes
 - (b) No
2. If so, when? (Mention the date and year).
3. What was the basis for the proposed revision?
 - (a) Due to additions, alterations.
 - (b) Due to change in rents.
 - (c) Due to periodical general revision.
 - (d) Any other reason.
4. Was a notice served intimating revised proposed assessment?
 - (a) Yes
 - (b) No
5. Was the basis of revision intimated? If so, when? (Mention the date and year).
6. Was there any objection against the proposed rateable value?
7. What was the proposed revised assessment and when was this intimated to the citizen?
8. How much time was given to file the objection?

9. Was the objection filed in due time?
10. If not, was it filed after the due date and time?
11. Any reason for the delay given by the citizen in filing objection.
12. Was it necessary for the Department to send any reminders to the citizen requiring his presence for the disposal of objections? If so, how many notices, and at what intervals?
13. Was the citizen given any date and time for the disposal of his objections?
14. Did the citizen appear at the proposed time?
15. Any evidence of field inspection pursuant to the receipt of objection from the citizen?
16. Who carried out this inspection?
17. Please give details of objections received from the house-owner and findings of the A.A.&C., if any.

Objections

*Findings of
the A.A.&C.*

18. What was the basis of assessment?
 - (a) Production of rent receipt
 - (b) Rent certificate from the tenant

- (c) Owner-occupied
 - (d) Any other basis
19. When was the objection finally disposed off?
20. What was the amount for which the property was finally assessed?

ASSESSMENT OF THE CASE

